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Tuesday,
30th August, 1955

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

PARLIAMENT SECRETARIAT
NEW DELHI

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LOK SABHA DEBATES
(Part I—Questions and Answers)

Dated......11.02.201

LOK SABHA

Tuesday, 30th August, 1955

The Lok Sabha met at Eleven of the Clock.

[MR. DEPUTY-SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

Delhi Traffic Facilities

*1204. **Shri Radha Raman:** Will the Minister of **Transport** be pleased to state:

(a) whether in pursuance of the statement made on the Floor of the House by the Prime Minister on the 5th April, 1954, Government have taken any steps for the construction of a road over-bridge between Nizamuddin and Okhla in Delhi;

(b) if so, the details thereof; and

(c) the progress made in the construction of the bridge?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) to (c). Actually two road over-bridges are required between Nizamuddin and Okhla. Details regarding the design and construction of the overbridges have been finalised. Construction of a diversion road to carry the traffic pending completion of the over-bridges has been sanctioned and every effort is being made to complete it in about two months. Work on the over-bridges will commence as soon as the diversion road is completed.

Shri Radha Raman: The hon. Minister has stated that this bridge is linked up with some other bridges. Which are they and what is their location?

Shri Alagesan: Formerly the intention was to have an over-bridge on the Ring road where the railway line crosses it. But after Safdarjung siding has been converted into a suburban line, an over-bridge has been found to be necessary there also. So, the two level-crossings which have to be converted into over-bridges on the Delhi—Mathura Road are (i) on Safdarjung side and (ii) on Jangpura side.

Shri Radha Raman: May I know when actually the work will start? The hon. Deputy Minister has stated that it will be completed in two months. I should like to know whether the work has already begun?

Shri Alagesan: Perhaps the hon. Member did not listen to what I said. I said that the work on the diversion road would be completed within two months. Therafter the work on the main over-bridges will begin.

Shri Radha Raman: May I know how long it will take to complete these bridges? I would also like to know whether these over-bridges have anything to do with the proposed bridge between New Delhi and Shahadara.

Shri Alagesan: I do not know how the hon. Member connects the two questions. If the hon. Member wants, he may put a separate question about other-bridges. I am unable to say how long it will take to complete these over-bridges.

Shri M. L. Dwivedi: May I know whether the over-bridge is likely to be constructed on the Delhi Mathura Road at the level-crossing where there was considerable bottleneck of traffic.

Shri Alagesan: In fact, the whole thing originated from that bottleneck.

Shri M. L. Dwivedi: I want to know whether the over-bridge is going to be constructed over that level-crossing?

Shri Alagesan: It is on that level crossing that the over-bridge is intended to be constructed.

Development Loans

*1205. **Shri D. C. Sharma:** Will the Minister of **Transport** be pleased to state:

(a) the amount of grants or loans applied for by the Punjab Government during 1954 for the construction of bridges and under-bridges; and

(b) the amounts sanctioned so far?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Grants amounting to Rs. 20·14 lakhs specifically for the construction of road bridges and a loan of Rs. 1·25 lakhs to the Ambala Municipality for the construction of an over bridge in place of an existing road-rail level crossing were applied for by the Punjab Government.

(b) Grants amounting to Rs. 7·39 lakhs for road bridges and a loan of Rs. 1·25 lakhs for the Ambala over-bridge have been approved by the Government of India.

Shri D. C. Sharma : May I know the names of the bridges for which grants were asked for by the Punjab Government?

Mr. Deputy-Speaker : The hon. Member is asking for a whole State.

Shri D. C. Sharma : The hon. Deputy Minister said that the Punjab Government had asked for grants for four bridges; I want to know the names of the four bridges.

Shri Alagesan : I said "road bridges"; perhaps the hon. Member misheard it as "four bridges".

Shri D. C. Sharma : I do not know whether it is due to some defect in my ears.

Mr. Deputy-Speaker : The hon. Minister said "road bridges". The number of bridges has not been given.

Shri Alagesan : They are the bridges on Barara Sadhaura Kala Amb Nahan Road.

Transport Difficulties

*1206. **Shri Dabhi** : Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that passengers travelling on Narrow Gauge lines of the Western Railway have to travel in open wagons and bogies even during summer;

(b) if so, the reasons therefor; and

(c) the steps taken in the matter?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) There is some travelling in such wagons, particularly on the Chhota Udaipur-Jambusar and Chhota Udaipur-Pratapnagar sections.

(b) Overcrowding in passenger coaches due to over-all shortage of Narrow Gauge coaching stock, combined with the abnormally heavy traffic this year during the marriage season.

(c) Retention of over-aged stock in active service, as far as feasible, is the only immediate step practicable.

Shri Dabhi : May I know when more stock of passenger coaches will be received?

Shri Alagesan : As I said, we are not indenting for more narrow gauge stock. Therefore, we are managing with the old stock, trying to repair them and keep them in service. Here I should like to say that this sort of travel in wagons is not at all authorised, but people perhaps as a sort of *tamasha* get into these trains.

Shri Dabhi : May I know what steps are being taken by Government to prevent this unathorised travelling ?

Shri Alagesan : We would like to prevent it as much as possible, but there is also overcrowding.

Shri Dabhi : May I know whether it is a fact that on these narrow gauge lines, there is engine trouble and because of this, trains are running late sometimes for hours?

Shri Alagesan : I am not aware of engine trouble on these lines.

Mr. Deputy-Speaker : On account of engine trouble, these men get into wagons. I cannot follow this question. I am going to the next question.

Vaids

*1211. **Shri A. K. Gopalan** : Will the Minister of **Health** be pleased to state :

(a) whether it is a fact that the *Vaids* of Malabar District of Madras State have not been represented on the Committee set up by Government to formulate policies in respect of the education and regulation of the practice of *Vaids*, *Hakims* and Homoeopaths; and

(b) if so, the reasons therefor?

The Deputy Minister of Health (Shrimati Chandrasekhar): (a) Yes.

(b) The Committee was constituted by a resolution of the Central Council of Health and its membership is confined only to Ministers of Health of five States.

Shri Punnoose : May I know which are the States whose Ministers are on that committee?

Shrimati Chandrasekhar : The Health Minister of the Government of Saurashtra is the Chairman of the committee ; the Health Ministers of Bombay, West Bengal, Hyderabad and Travancore-Cochin are the other members.

Shri Punnoose : May I know whether it is the policy of the Government not to approach non-official bodies who are vigorously working for the development of these systems of medicine?

Shrimati Chandrasekhar : They have been associated with other committees, but this Committee of Ministers was appointed by the Central Council to go into the question of formulating policy.

Shri M. L. Dwivedi : May I know the terms of reference of this committee?

Shrimati Chandrasekhar : The terms of reference of the committee are as follows:

(*i*) to survey the existing facilities of teaching in ayurvedic, unani and homoeopathic systems of medicine;

(*ii*) to recommend specific measures to be taken to improve facilities for training and to establish uniform standards of education in these systems; and

(*iii*) to make suggestions for the regulation of practice of these systems of medicine, including particularly the desirability of State control.

Shri Dhulekar : May I know what steps have been taken to implement the recommendations of this committee which met at Rajkot?

Shrimati Chandrasekhar : This committee was constituted last year when the Council met at Trivandrum. This committee has not yet submitted the report, as soon as they submit the report steps will be taken to consider it.

Shri Ramachandra Reddi : May I know whether any or all of these Ministers are doctors, *hakims* or *vaids*?

Shrimati Chandrasekhar : They are not doctors, *hakims* or *vaids*, but they are protogonists of these systems of medicine.

Shri Dhulekar : May I know if the Government have formulated any scheme for the development of the ayurvedic system of medicine in the second Five Year Plan and if so, will they lay it on the table of the House?

Shrimati Chandrasekhar : Yes; we have evolved a scheme and the hon. Member is aware of that also.

Wagons

***1212. Shri Bhagwat Jha Azad** : Will the Minister of **Railways** be pleased to state:

(a) the number of firms is in India which are supplying goods wagons to the Indian Railways;

(b) whether these firms are capable of supplying several types of wagons; and

(c) the potential capacity of indigenous production of wagons in the rolling stock programme for 1956-57?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) and (b). There are at present 8 firms which are supplying goods wagons to the Indian Railways and most of these firms are capable of supplying several types of wagons.

(c) About 15,000 to 16,000.

Shri Bhagwat Jha Azad : What percentage of our demand is being met by these firms at present?

Shri Alagesan : I should say almost all the demands for the ordinary covered and open wagons are met by these firms. Only some special types of wagons, we go in for import. That also because we do not want to disturb the existing capacity for the manufacture of ordinary wagons.

Shri Bhagwat Jha Azad : I would like to know the reverse. What percentage of our demands is at present being met by imports from outside?

Shri Alagesan : Whatever is it, it is the same question. The hon. Member is evidently anxious that most of our demands should be met by indigenous manufacture. I want to say that that is the position.

Shri A. M. Thomas : May I enquire whether the Railway Ministry has placed any proposal before the Planning Commission to have a State enterprise for the manufacture of wagons, and if so, what will be its capacity?

Shri Alagesan : It is our intention to tap the private sector for the manufacture of wagons. There is, at present, a committee going into this matter, for finding out the idle capacity and also inducing the manufacturers to supply such articles as are needed by the Railways. It is not our intention to set up any Government-owned factory for this purpose.

Shri Sarangadhar Das : How many of these firms manufacturing wagons are Indian and how many are European? May I know if the Indian firms are well equipped for the manufacture of complete wagons?

Shri Alagesan : At present orders have been placed on eight firms. My information is that even the firms that bear old names, which were once owned by non-Indians, are at present owned by Indians.

Shri M. L. Dwivedi : In view of the shortage of wagons, may I know whether the Government are running any factory at Government level to manufacture wagons, and if so, what percentage of our demand is being manufactured at Government level and what percentage at the private level?

Mr. Deputy Speaker : He has already answered that there is no such thing.

Shri Radhelal Vyas : May I know whether it is a fact that the Hindustan Shipyard at Vizagapatam has requested the railway authorities to place an order for the manufacture of wagons with them, and if so, what action has been taken?

Shri Alagesan : The Hindustan Shipyard, as the House knows, manufactures ships. It does not go in for the manufacture of railway wagons.

Shri Radhelal Vyas : It does.

Shri Bhagwat Jha Azad : How do the prices of these wagons supplied by the Indian firms compare with the prices of those imported?

Shri Alagesan : I do not have the comparative prices. If the hon. Member gives separate notice, I can furnish the prices.

Minimum Wages

*1214. **Dr. Satyawadi** : Will the Minister of **Labour** be pleased to lay on the Table of the House a statement showing the work done by the Advisory Committee set up by the Central Government for the revision of minimum rates of wages in the Central undertakings?

The Deputy Minister of Labour (Shri Abid Ali): A statement giving the information is laid on the Table of the Lok Sabha. [*See* Appendix VII, annexure No. 14].

डा० सत्यवादी : क्या मै जान सकता हूं कि फिरोजपुर, आलंधर और अम्बाला के कैंटोनमेंट्स बोर्ड्स जोकि पंजाब की हद्दूद में वाकया हैं, वहां पर काम करने वाले चौथे दर्जे के मुलाजमीन की तनख्वाह पर भी इस कमेटी ने गौर किया है, क्योंकि इन मकामात पर म्युनिसिपल कमेटी के मुलाजमीन को बोर्ड के मुलाजमीन से ज्यादा तनख्वाह मिलती है ?

श्री आबिद अली : यह सवाल तो उन के सम्बन्ध में था जिन का कि वेतन इस कमेटी ने बदला है । जो सवाल माननीय सदस्य ने पूछा है उस के बारे में अगर वह दूसरा सवाल पेश करें तो मैं जवाब दे दूंगा ।

Dr. Rama Rao : The statement gives the names of the employments and their addresses. May I know the recommendations of this Committee regarding the tannery workers in Kanpur and the road construction workers in Mysore?

Shri Abid Ali : That would be placed on the Table of the House if the hon. Member gives notice.

Dr. Rama Rao : I seek your guidance, Sir. The question is about the work done by this Committee. The statement laid on the Table of the House gives the names of the organisations and the address.

But the main subject of the recommendations concern the revision of minimum rates of wages. What recommendations they have given is not mentioned in the statement. My question is about the recommendations regarding the revision of minimum wages.

Shri Abid Ali : The main question is about revision. Details of which item does the hon. Member want?

Mr. Deputy-Speaker : Does the statement contain the work done by the Advisory Committee in regard to the revision of minimum rates of wages in the Central undertakings?

Shri Abid Ali : With regard to every one, then, I will place on the Table of the House another statement. It will be a long statement, Sir.

Mr. Deputy Speaker : Relating to all the work that has been done.

Dr. Rama Rao : I would request you to look into the...

The Minister of Labour (Shri Khandubhai Desai): What is the question I would like to know?

Mr. Deputy-Speaker : If that contains only some items and not the whole work that has been done by the committee in regard to revision of wages, the hon. Minister promises to lay a detailed statement in regard to that.

Dr. Rama Rao : May I know the recommendations regarding the tannery works at Kanpur?

Shri Abid Ali : The item is not noticed there.

Dr. Rama Rao : No, it is noticed there.

Mr. Deputy-Speaker : Is it there in the statement?

Dr. Rama Rao : Yes, but not the recommendations.

Shri Abid Ali : I have got here about the Bombay Port Trust, the Calcutta Port Trust etc. I have already promised to lay a detailed statement on the Table.

Mr. Deputy-Speaker : Very well. Next question.

Watch and Ward Staff

*1215. **Shri Gidwani** : Will the Minister of **Railways** be pleased to state :

(a) whether it is a fact that the Railway Board has issued a notification on the 15th April, 1955 depriv its Watch and Ward Staff of the tr union rights;

(b) whether the convention of the National Federation of Indian Railwaymen held on the 29th May, 1955 urged upon the Railway Board to cancel the notification ; and

(c) if so, the action taken in the matter?

The Deputy Minister of Railways and Transport (Shri Alagesan): *(a)*. The notification promulgated with effect from 15-4-55 permits them to join an Association composed entirely of the members of the Railway Security Force, which shall not affiliate itself to any other Union or Association.

(b) The National Federation of Railwaymen have held no convention in May 1955. Some of the Railway Unions affiliated to the National Federation of Indian Railwaymen, and also some other un-recognised and unaffiliated railway unions did however meet at Madras on the 27th, 28th and 29th May, 1955 and *inter alia* passed a resolution urging upon the Railway Board to cancel the Notification.

(c) No action has been taken in the matter, as the rules that have been promulgated are in accordance with those applying to the Police Force and are based on the similarity in the nature of work in the two organisation.

Shri Gidwani : I did not catch the answer to part (a) of the question. Are the rules governing these trade unions and watch and ward on the police lines?

Mr. Deputy-Speaker : He did not follow the answer to the first question.

Shri Alagesan : I said, the Notification promulgated with effect from 15-4-55 permits them to join an Association composed entirely of the members of the Railway Security Force, which shall not affiliate itself to any other Union or Association.

Mr. Deputy-Speaker : Separate, independent union for themselves.

Shri Bhagwat Jha Azad : May I know under what rule the Ministry has deprived this watch and ward from joining any federation or union which is their inherent right?

Shri Alagesan : This notification was issued under article 309 of the Constitution.

Shri Bhagwat Jha Azad : What are the reasons that prevailed upon the Government in asking the watch and ward not to join any union or federation?

Mr. Deputy-Speaker : The hon. Member will look into article 309.

Shri B. S. Murthy : Is it the intention of the Government to convert the watch and ward into a security force?

Shri Alagesan : Yes. It is in that context that this notification has been issued.

Shri B. S. Murthy : May I also know under what category the Madras Convention of Railway Trade Unions has been treated by the Government? Is it as a branch or part of the National Railwaymen's Federation or as separate from it?

Shri Alagesan : I do not think that has to be gone into now. Anyhow, I have answered part (b) of the question and I have stated that it was not a regular convention of the National Federation of Indian Railwaymen, but there were certain recognised unions as also certain un-recognised unions and they met and passed certain resolutions.

Shri Sadhan Gupta : May I know whether the Government regards trade unionism as prejudicial to security? Otherwise, what is the reason for issuing that notification ?

Shri Alagesan : For some time, the question of reorganising the watch and ward on the railways has been under consideration, and in view of the large-scale thefts and the huge amounts of claims that the railways have had to pay, it was decided to make it a more effective force, and it is in that context that the rules have been promulgated.

डाक सेवायें

***१२१६. श्री भक्त दर्शन** : क्या संचार मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५५-५६ के आय-व्ययक प्राक्कलन में नये डाक-घरों, तारघरों और सार्वजनिक टेलीफोन के खोलने के लिये अलग-अलग कितनी धनराशि निर्धारित की गई है ; और

(ख) प्रत्येक सर्किल के लिये अलग-अलग कितना धन स्वीकृत किया गया है अथवा किये जाने का विचार है ?

संचार उपमंत्री (श्री राज बहादुर) : (क) और (ख) जानकारी प्राप्त की जा रही है और उचित समय पर यह सभा-पटल पर रक्खी जायेगी ।

श्री भक्त दर्शन : क्या यह आश्चर्य की बात नहीं है कि जबकि मैं ने यह प्रश्न पूछा है कि बजट में डाक तथा तार घर और टेलीफोन आदि के लिये कितना रुपया रखा गया है, तब कहा जा रहा है कि जानकारी प्राप्त की जायगी ? क्या हैडक्वार्टर्ज़ में ये आंकड़े उपलब्ध नहीं हैं ?

श्री राज बहादुर : किंचित मात्र भी आश्चर्य की बात नहीं है और उस का कारण यह है कि जो एक लाख रुपये से ऊपर के काम होते हैं, उन का तो बजट में अलग अलग ब्यौरा होता है और एक लाख रुपये से कम खर्चे के कामों के लिये सामूहिक रूप से कोई निधि निश्चित की जाती है और उस में से अलग अलग पोस्टल सर्कलों को रकमें दी जाती हैं । जो रकम सामूहिक रूप से किसी सर्कल को दी जाती है, उस से न सिर्फ नए डाक-घर खोलने की व्यवस्था होती है, बल्कि इस सम्बन्ध में रेल्वे एडमिनिस्ट्रेशन और कैनाल डिपार्टमेंट इत्यादि से भी मालूम करना आवश्यक होता है कि कितने तार घर खोले जायें । इसलिये विभागीय तार घरों में कितना व्यय हुआ है यह सूचना इकट्ठी करने में समय लगेगा । यही बात आती है कि पब्लिक काल आफिस और पोस्ट आफिस के बारे में भी और इसलिये मैं आशा करता हूं कि माननीय सदस्य को कोई आश्चर्य नहीं होगा ।

श्री भक्त दर्शन : क्या मैं जान सकता हूं कि प्रथम पंचवर्षीय योजना की समाप्ति तक कितने डाक तथा तार घर, कितने टेलीफोन एक्सचेंज और कितने पी० सी० ओज़० खोलने का टारगेट रखा गया था और क्या उस के पूरा होने की आशा है ?

श्री राज बहादुर : इस के लिये नोटिस की आवश्यकता होगी ।

श्री एम० एल० द्विवेदी : मैं जानना चाहता हूं कि कितने ज़िले के हैड-क्वार्टर बाकी हैं, यहां टेलीफ़ोन नहीं खोला गया है ? क्या सरकार का यह विचार है कि तहसील हैडक्वार्टर में भी टेलीफोन खोले जायें, ? यदि हां, तो कब तक ?

श्री राज बहादुर : यह प्रश्न इस से तो नहीं उठता है । मैं पहले सूचना दे चुका हूं । अगर माननीय सदस्य चाहेंगे, तो फिर दे सकता हूं ।

Shri Bhagwat Jha Azad : The other day the hon. Deputy Minister very proudly asserted that they started from the district headquarters and that they have not come to the thana headquarters for opening a public call office. May I know whether there are still some subdivisional headquarters which have not been linked by telephone ?

Shri Raj Bahadur : I am grateful to the hon. Member for the power which he has been seen behind my assertion, but I may assure him that the programme has been declared from time to time on the floor of the House. We are completing it by and by.

Train Timings

***1221. Shri Matthen** : Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that the Poona Mail (Southern Railway) running between Poona and Bangalore stops at Hubli for more than 3½ hours; and

(b) if so, the justification for it?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) and (b). A statement is laid on the Table of the House. [*See* Appendix VII, annexure No. 15].

Shri Matthen : From the statement I find that the existing trains would reach Bangalore City and Poona very late in the night if the present long halts at Hubli are cut out. That is the main reason given for not altering the timings. Is it not possible to stop these trains somewhere nea Bangalore City at the one end and Poona City at the other end, so that passengers to the intermediate stations may reach their homes, take their food and sleep under their roofs?

Shri Alagesan : If he has gone through the whole statement carefully, he would have found that there are other reasons also. Now, because of this stop of considerable duration at Hubli, people who come either from Poona City or Bangalore City to Hubli, are able to transact their business and get into the next train and go back. This is one of the advantages which the hon. Member seems to have missed. It is also stated in the statement that this matter was definitely placed before the Regional Railway Users Consultative Committee and they have said that this can continue.

Shri Matthen : The hon. Deputy Minister has answered all points except the point I raised. Why is there this 3½ hours delay at Hubli instead of having the train stop at some station near Poona City on the one end and Bangalore City at the other end, so that passengers...

Mr. Deputy-Speaker : The hon. Member is making a suggestion. The hon. Minister has just said that persons can stop at Hubli, transact their business and go back.

Shri M. L. Dwivedi : This is the main question.

Shri Matthen : How many passengers stop at Hubli? May be 1/100.

Mr. Deputy Speaker : Are we having a discussion on this matter? It is not a budget speech on the Railway budget. It is only a matter for information. I would, however, urge upon the hon. Minister to look into this matter. Any hon. Member, if he wants to make any suggestion, of course, should not take advantage of the questions to make suggestions. He can certainly write to the hon. Minister or see him and get such things done by him as are advisable and desirable.

Chikna Halt Railway Station

*1224. **Shri L. N. Mishra** : Will the Minister of **Railways** be pleased to refer to the reply given to Unstarred Question No. 951 on the 30th September, 1954 and state :

(a) whether any decision to convert Chikna Halt Station on the North Eastern Railway into a flag station has since been taken;

(b) the average monthly income from this halt;

(c) whether it is a fact that the local people have asked for the construction of a passenger shed at this station and for the issue of tickets for foreign railways therefrom; and

(d) if so, the decision taken in the matter?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) The matter is being re-examined.

(b) Rs. 1333/5/4.

(c) Yes.

(d) Opening of this halt for foreign traffic is under examination.

Provision of a passenger shed at Chikna halt can be considered only after a decision has been taken regarding the conversion of this halt into a flag station.

Shri L. N. Mishra : May I know whether it is a fact that for want of the facility to issue tickets for foreign railways, this railway station is deprived of the other facilities because calculation is not made of the amount collected through other railways and its revenue is shown as poor?

Shri Alagesan : It is now only a contractor worked halt, and for a contractor worked halt, permission is given only for local booking. But then when the matter of converting it into a flag station was considered it was found that there will be a loss of Rs. 10,000. And to minimise the loss, the railway has been again asked to find out whether that loss can be minimised considerably if foreign bookings are also permitted. That is now under examination by the railway.

Shri L. N. Mishra : Are Government aware that this is the only station in one of the worst flood affected areas of the Kosi and do Government propose to make it a permanent station or not?

Shri Alagesan: The station will remain. There is no question of its abolition, but the question of conversion of the halt into a permanent flag station i under re-examination of the railway.

विश्राम गृह

*१२२५. **श्री आर० एस० तिवारी :** क्या परिवहन मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि सरकार भारत के महत्वपूर्ण ऐतिहासिक स्थानों पर विश्राम गृह बनाने के लिये एक योजना बनाने का विचार कर रही है;

(ख) यदि हां, तो कितने स्थानों पर विश्राम गृह बनाने का विचार है ; और

(ग) क्या विन्ध्य प्रदेश के खजूराहों में वीर क्षत्रसाल की समाधि के निकट भी एक विश्राम गृह बनाया जायेगा ?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) to (c). The question of building Rest Houses at important tourist centres, historical places etc. is being considered in the formulation of the Second Five Year Plan. Meanwhile Rest Houses are being constructed at important places of Buddhist pilgrimage during the current financial year as indicated in the statement placed on the table of the Lok Sabha in reply to Starred Question No. 105, except Sravasti (Sahet Mahet).

As regards Khajuraho, the proposal for inclusion in the Second Five Year Plan is to expand the existing rest house at this place.

श्री आर० एस० तिवारी : इन विश्राम गृहों के बनाने के लिये कुल कितना खर्चा तय किया गया है ?

रेलवे तथा परिवहन मंत्री (श्री एल० बी० शास्त्री) : २,५०,००० रुपया ।

श्री आर० एस० तिवारी : खजूराहों के पास और छत्रसाल की समाधि के पास विश्राम गृह बनवाने में कितना व्यय किया जायगा ?

श्री एल० बी० शास्त्री : इतना पूरा ब्यौरा तो मौजूद नहीं है ।

Shri A.M. Thomas : This relates to construction of rest houses at places of historical importance. May I know whether rest houses will be built in places like game sanctuaries which are important from the point of view of tourist traffic.

Shri Alagesan : Yes. Sir. Historical places have been taken to mean also places of tourist . importance.

श्रीमती कमलन्दुमति शाह : क्या मैं जान सकती हूं कि यह जितना रुपया स्वीकार हुआ है, यह केन्द्रीय सरकार देगी या प्रान्तीय सरकार ? ये रेस्ट-हाउस कहां कहां बनेंग और क्या पहाड़ों में भी बनेंगे या नहीं ?

Shri Alagesan : The whole matter is now under the consideration of the Planning Commission.

Pandit C. N. Malviya : May I know if sanchi is included in the list?

Shri Alagesan : Yes, Sanchi will surely find a place.

Shri Sarangadhar Das : May I know whether Konarak is included in the list.

Shri Alagesan : That is equally important.

Mr. Deputy-Speaker: There are other places also.

Telegraph Offices

*1226. **Shri Ram Dass :** Will the Minister Communications be pleased to state:

(a) whether it is a fact that Government propose to link telegraphically the District Headquarters with Police Stations in each State:

(b) the names of the States in which the telegraph facilities in such cases have not been provided so far; and

(c) the details of the programme chalked out for this purpose?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) No. The proposal is to provide telegraph facilities at Thana headquarters stations in States which do not have tehsil in their administrative set up.

(b) and (c). It will take a few years more to complete the scheme in any such State, the programme depending upon the availability of funds and materials.

श्री राम दास : जिले होशियारपुर में अम्ब और नूरपुर के दो ऐसे थान हैं कि जिन के हैडक्वार्टर्स तक बरसात के दिनों में आदमी कई कई दिनों तक नहीं पहुंच सकता। क्या मैं जान सकता हूं कि उन के टेलीग्राफिक कनेक्शन का इंतिजाम क्यों नहीं किया गया ?

श्री राज बहादुर : ऐसे ही मुकामों के लिये हम ने अपने नुकसान की सीमा १५०० रुपये तक बढ़ा दी है, और मैं आशा करता हूं कि जिन दो स्थानों का नाम माननीय सदस्य ने लिया है उन पर भी यदि वह नियमों के अन्तर्गत आते हैं तो विचार किया जायेगा ।

श्री भक्त दर्शन : मैं यह जानना चाहता हूं कि क्या तहसील हैडक्वाटर्स के लिये सरकार ने यह निश्चय किया है कि चाहे कितना ही नुकसान हो वहां तारघर खोले जायेंगे, या उस के लिये भी कोई मीमा है ?

श्री राज बहादुर : उस के लिये एक हजार रुपये तक की सीमा है ।

Shri A. M. Thomas : The hon. Minister referred to a revised scheme in the matter of opening of telegraph offices etc. May I know whether any assessment of the needs of each circle has been made, and if so, what will be the amount necessary to meet the requirements as per the revised scheme?

Shri Raj Bahadur : Our policy reflects the demands made upon us by the various state Governments as also by the people from time to time and to that extent, I may say that the needs have been ascertained. Apart from that, it is our experience that our programme by and large covers more areas, more towns and more localities than what do as actually been demanded from us.

Shri Ragavaiah : May I know what the intentions of Government are in linking these police stations with the district headquarters?

Shri Raj Bahadur : The intention of Government in providing telegraph facilities is to provide better communications for our people.

Mr. Deputy Speaker : The police are intended to assist the public.

Leprosy Centre in Andhra

***1227. Dr. Rama Rao:** Will the Minister of **Health** be pleased to state:

(a) the amount sanctioned so far to Leprosy Centre at Ramchandrapuram, East Godavari District, Andhra, for meeting its initial and recurring expenses;

(b) whether it is a fact that the equipment like the van and the jeep which are essential part of tke Scheme have not yet been supplied to this centre; and

(c) if so, the steps taken in the matter?

The Deputy Minister of Health (Shrimati Chandrasekhar) : (a) to (c). The information is being collected and will be laid on the Table of the Lok Sabha in due course.

Dr. Rama Rao: Who is responsible for this great time lag of nearly six months between the appointment of the doctor and the supply of medicines and equipment?

Shrimati Chandrasekhar : Usually, the State Govenments spend their money on the buying of these vehicles, vans and so on, and then it is reimbursed by the Central Government. If the State Governments have not bought them, then it is not the fault of the Central Government.

Dr. Rama Rao: May I know whether this centre has any statistician and social workers along with the doctors and other staff?

Shrimati Chandrasekhar: That will be the concern of the State Government.

Shri B. S. Murthy: May I know whether, while collecting information regarding the Ramachandrapuram Leprosy Centre, information regarding other leprosy homes and asylums in Andhra is also being collected?

Shrimati Chandrasekhar: This is a specific question relating to the two centres that are established in Andhra under Central Government assistance. So, why should we go and collect other information?

Shri V. Muniswamy: May I know the policy of the Central Government, and particularly of the Health Ministry, in regard to certain schemes of the Health Ministry, which are being attacked by leading persons of this country, as for instance the one which has been attacked by the former Governor-General of India?

Mr. Deputy Speaker: Is BCG vaccine used for leprosy?

Shri V. Muniswamy: It is a scheme of the Health Ministry.

Mr. Deputy-Speaker: That is all right. This question relates to leprosy. Is BCG intended for leprosy ?

Shri A. M. Thomas : Investigations are being conducted.

Travel Conditions

*1228. **Shri K. P. Tripathi** : Will the Minister of **Railways** be pleased to state:

(a) whether the proceedings of the public meeting held recently in Tezpur to voice the grievances of the public against the travel conditions prevailing in Tezpur-Amingaon and Tezpur-Maniharighat Sections of the North Eastern Railway have been brought to the notice of Government; and

(b) if so, the steps proposed to be taken in the matter ?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Yes.

(b) A high power Officer in overall charge of the Pandu Region will be posted shortly. The question of opening a Claims Office at Pandu to deal with smaller claims is also under consideration. Other matters raised in the public meeting are also being actively considered.

Shri K. P. Tripathi: Is it a fact that the hon. Deputy Minister visited this area recently, and if so, were certain representations made to him, on which he gave certain promises ? May I know whether those promises have been implemented, and the conditions improved, or whether the promises have not been kept up ?

Shri Alagesan: I have no reason to believe that the promises have not been kept up. Of course, the trains running on the Rangia-Tezpur section were very slow. One of the representations was that they should be speeded up. From the first of this month, I find that the trains have been considerably speeded up, and the time schedule has been revised by about two hours.

Shri K. P. Tripathi: It is a fact that the line has not been ballasted, with the result that on one section which is about 20 miles in length, the train runs at five miles per hour, while on the rest of the section, which is about 60 miles, it runs at about ten miles per hour ? If that is so, may I know when the ballasting of this line will be taken up?

Shri Alagesan: It is true that it has not been fully ballasted, and that is one of the causes contributory to the slow running of the trains.

Shri K. P. Tripathi: The other day, in reply to one of my questions, the hon. Minister stated that it was a cock-and-bull story.

Thereafter, I have received letters from one of my friends who has served a notice on the General Manager of the North-Eastern Railway, saying, 'I was coming by this railway, the train stopped on the wayside, and it took me 20 hours instead of thirteen hours to reach the destination; if it happens again, I will file a suit against Government for damages' ? Have Government any information on this?

The Minister of Railways and Transport (Shri L.B. Shastri): We have no information, but if comes we will face it in the court.

Deputation Abroad of Andhra State Officers

*1231. **Shri Ramachandra Reddi:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) the number of officers of the Agriculture and Animal Husbandry Departments of the Andhra Government whose applications were recommended by that Government for deputation to other countries for research and training under the Colombo Plan;

(b) how long their applications have been pending ; and

(c) when a decision will be taken in the matter ?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) Four in 1955.

(b) and (c). The State Government has been informed that two of these officers are not considered suitable and that other two have been recommended for award of fellowships. It will take atleast 3 months to get a decision on these fellowships.

Shri Ramachandra Reddi: May I know the names of the persons that have been recommended ?

Dr. P. S. Deshmukh: The two approved by this Ministry are : Shri M.V. Krishna Rao for sheep farming to be sent to Australia and Shri T. V. Subba Rao, for utilisation of bamboos, to be sent to Japan and Indonesia.

Railway Bookings

*1232. **Shri H. N. Mukerjee:** Will the Minister of **Railways** be pleased to state :

(a) the reasons for repeated closure in June, 1955 of railway bookings of freight in Calcutta for destinations upto Moghal Sarai; and

(b) the steps being taken for preventing the recurrence of such incidents?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) In order to maintain the loading of essential traffic including coal, at the necessary level with the limited availability of wagons, it became necessary to regulate the movement of other less essential traffic during certain periods of June 1955.

(b) Progressive steps are being taken to improve the wagon availability so as to avoid the necessity for imposition of restrictions.

Shri H. N. Mukerjee: May I know whether Government have made any recent investigation into the allegation often made by people with expert knowledge, that the detachment of areas west of Moghal Sarai from the Eastern Railway has caused a certain paralysis of Moghal Sarai's operational efficiency, and if so, what is Government's view of the present position?

Shri Alagesan: That view is not accepted by Government.

Supply of Water

*1234. **Shri Sanganna:** Will the Minister of **Railways** be pleased to refer to the reply given to Starred Question No. 245 on the 29th July, 1955 and state:

(a) whether it is a fact that the water supplied from the Kiejholla Project contians germs and insects making it at times unfit for human consumption;

(b) if so, whether it is due to the fact that it is spring water; and

(c) if so, the action proposed to be taken in the matter?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) No, Sir.

(b) and (c). Do not arise.

Shri Sanganna: May I know whether any expert opinion has been obtained as to the safety of this water?

Shri Alagesan: We have every reason to believe that the water is all right. There have been no complaints.

Shri Sanganna: May I know the basis on which the hon. Minister has given this opinion namely that there is no danger in using this water?

Shri Alagesan: I do not know how to answer this question. There have been no complaints. People are healthy. And they have been taking it.

बिना टिकट यात्रा

*१२३५. **श्री एम० एल० द्विवेदी :** क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या उन बिना टिकट यात्रियों की रोकथाम के लिये कोई उपाय किये गये हैं जो बड़े-बड़े स्टेशनों के पूर्व सिगनल न गिराये जाने के कारण गाड़ियों के खड़े होते ही थम्भत हो जाते हैं ;

(ख) क्या यह सच है कि ऐसे बिना टिकट यात्रियों को जो बीच के स्टेशनों पर पकड़े जाते हैं उन्हें चलते फिरते न्यायाधीशों के स्थायी न्यायालयों तक बिना टिकट ले जाया जाता है ; ग्रौर

(ग) क्या वे यात्री जिन्हें दंड दिया गया है मुक्त होने पर धनाभाव के कारण फिर बिना टिकट यात्रा करने लगते हैं ?

रेलवे तथा परिवहन उपमंत्री (श्री ग्रलगेशन) : (क) कोई खास कारवाई नहीं की गई है, लेकिन गार्ड ग्रौर टिकट जांचने वाले कर्मचारियों से ग्राशा की जाती है कि वे सावधान रहें ग्रौर जहां तक हो सके बिना टिकट चलने वाले मुसाफिरों को पकड़ें ।

(ख) जी हां, जब मैजिस्ट्रेट जांच करने वाली पार्टी के साथ नहीं रहते ।

(ग) इस तरह का कोई मामला नोटिस में नहीं ग्राया है ।

श्री एम० एल० द्विवेदी क्या यह सच है कि करीब करीब सभी बड़े रेलवे स्टेशनों के पूर्व सिगनल्स के पास रेलगाड़ियां रुक जाती हैं ग्रौर जिस की वजह से हजारों की संख्या में बिना टिकट मुसाफिर उतर पड़ते हैं ग्रौर यदि यह सच है तो सरकार ने

इस बारे में क्या कोई प्रबन्ध नहीं किया जिस से बिना टिकट सफर करने वाले यात्री वहां पर न उतर सकें, जैसेकि एक रेलवे स्टेशन से तब ही गाड़ी छोड़ी जाय जबकि सिगनल क्लियर हो और जिस से कि उस को अगले स्टेशन के पहले सिगनल पर खड़ा न होना पड़े ?

Shri Alagesan : The running staff have clear instructions that they should not stop before the signal, but for some unavoidable reasons it may so happen that they stop before signal. In such cases, it is true that many of the ticketless people try to make the best of the opportunity and walk away. The ticket checking staff are fewer in number, and it might be difficult for them to tackle all the ticketless travellers, especially when they happen to be in very large numbers.

श्री एम० एल० द्विवेदी : क्या यह सच है कि विद्यार्थियों में बिना टिकट चलने की प्रवृत्ति बढ़ रही है और क्या यह सच है कि बिहार में अभी हाल में कई सौ लड़के बिना टिकट सफर करने के जुर्म में गिरफ्तार किये गये हैं, तो सरकार विद्यार्थियों में जिन को कि कंसेशन भी दिया जाता है, उन में इस बिना टिकट सफर करने की प्रवृत्ति को रोकने के लिये क्या प्रबन्ध कर रही है ?

रेलवे तथा परिवहन मंत्री (श्री एल० बी० शास्त्री) : यह अफसोस की बात है कि विद्यार्थियों के सम्बन्ध में इस तरह की शिकायत आवे । अभी हाल में बिहार से कुछ विद्यार्थी देहली प्रधान मंत्री जी से और लोगों से मिलने आये थे, उस वक्त भी मुझे मालूम हुआ कि कुछ बिना टिकट आये और यह भी पता चला कि उन को सजा हो गई जिस का कि मुझे रंज है, लेकिन क़ानून है, क्या किया जाये । उन को शायद सात दिन की सजा हुई । बिहार में मालूम होता है कि कुछ ज्यादा इस मामले में आसानी है लेकिन दिल्ली में वह आसानी नहीं मिली । हम यह आशा करते हैं कि विद्यार्थी खास तौर पर इस तरह के कामों में हिस्सा नहीं लेंगे ।

Shrimati Renu Chakravartty: Of the cases of ticketless travelling, how many have been of students travelling without tickets ?

Shri L. B. Shastri: It is difficult to give any percentage, but perhaps the hon. Member knows it so far as West Bengal is concerned.

Shrimati Renu Chakravartty: How do I know because I do not check tickets ?

सेठ अचल सिंह : क्या मंत्री महोदय को यह पता नहीं है कि टिकट चेकर्स की संख्या रेलों पर पर्याप्त नहीं है और क्या मंत्री महोदय यह आवश्यक नहीं समझते कि इस बिना टिकट सफर करने की प्रवृत्ति को रोकने के लिये और अधिक टिकट चेकर्स रक्खे जाने आवश्यक हैं ?

श्री एल० बी० शास्त्री : जी नहीं, जहां जरूरत होगी वहां टिकट चेकर्स बढ़ाये जायेंगे, लेकिन खाली टिकट चेकर्स से काम ज्यादा चलने वाला नहीं है, अपनी तबियत अगर सच्चाई से काम करने की होगी तभी काम ज्यादा चलेगा ।

Many Hon. Members *rose*—.

Mr Duputy-Speaker : This subject of ticketless travel is a hardy annual.

श्री एम० एल० द्विवेदी : मुझे आप की अनुमति से एक प्रश्न और पूछना है ।

उपाध्यक्ष महोदय : जी नहीं ।

Helicopters

*1236. **Shri Ajit Singh:** Will the Minister of **Communications** be pleased to state:

(a) whether Government are taking any steps to manufacture Helicopters in India;

(b) whether any party or company has submitted a proposal for establishing such an industry in the country; and

(c) if so, the decision taken by Government in the matter ?

The Deputy Minister of Communications (Shri Raj Bahadur) : (a) to (c). Government recently considered the question of manufacture of helicopters at the Hindustan Aircraft Ltd., and came

to the conclusion that it should be undertaken there if and when such maufacture becomes an economic proposition. In the mean time, it is proposed to set up an overhaul line for helicopters in the Hindustan Factory.

Government have received an application from a private company for a licence under the Industries (Development and Regulations) Act, 1951, for the manufacture of helicopters. It is still under consideration.

Shri Ajit Singh: May I know the name of the company which has applied for this permission?

Shri Raj Bahadur: Messrs. Aeronautical Services Limited of Calcutta.

Shri Ajit Singh: May I know whether Government consider helicopters useful in these days of severe floods and locust swarms?

Shri Raj Bahadur: Yes. At present, however, helicopters can be put only to a limited use so far as our country is concerned, *e.g.* for pests control and other agricultural purposes, for search and rescue other similar things. They have not been found to be economical so far as air transport is concerned.

Shri Ajit Singh: May I know what makes the Government delay in permitting the company to manufacture helicopters?

Shri Raj Bahadur: The hon. Member would remenber the policy resolution of 1948 according to which the manufacture of aircraft has to be undertaken by the State exclusively, unless the State itself thinks that such manufacture can be entrusted to private enterprise.

Shri K. P. Tripathy: May I know if it is a fact that the British Government recently have ordered six helicopters for the purpose of passenger traffic particularly with two engines? if so, are Government thinking of introducing the same for transporting passengers and mails to hill stations where there are no railways?

Shri Raj Bahadur: We have examined it and found that it is not economical so far as transport by helicopters is concerned.

Shri Joachim Alva: Have Government gone into the whole question of helicopters, especially in view of the fact that helicopter manufacturers in England have said that the use of helicopters cannot be economical unless two engines are fitted, and secondly, the noice is very much diminished, and thirdly, its speed is trebled?

Shri Raj Bahadur: The hon. Member seems to be well informed about this proposition so far as helicopters are concerned. But so far as our country is concerned, we have examined it, and as I have already said, the Hindustan Aircraft limited are considering the proposal for starting the manufacture of Helicopters. For the present they have also decided to open up arrangements for overhauling helicopters.

Assam Rail Link

*1237. **Shri Bimalaprosad Chaliha:** Will the Minister of **Railways** be pleased to state the date by which the Railway communication to Assam is expected to be restored?

The Deputy Minister of Railways and Transport (Shri Alagesan): The rail link to Assam was breached in the recent July Floods at 7 places. Through communication has been restored at all but one place which is expected to be repaired by the middle of October.

Shri K. P. Tripathi: In view of the fact that this line is breached every year, Government were thinking of having a diversion line, so that these breaches might be avoided. Has the plan for the diversion line been completed so that it might be taken up next winter?

Shri Alagesan: There was a section of the Assam link which was found to be most affected by floods. We are considering the question of having an alternate railway line for that specified portion. A survey is going on.

Catering

*1238. **Shri Dabhi:** Will the Minister of **Railways** be pleased to state:

(a) whether the suggestion made by him in his last Budget speech, namely that non-official should be associated in the mattter of inspecting catering establishments on Railways with a view to ensuring proper quality and service has since been given effect to; and

(b) if so, on which Railway Zone this proposal has been implemented?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) and (b). Yes, on Western, Eastern and Northern Railways.

On other railways it is under active consideration.

Shri Dabhi: May I know whether Members of Parliament have been associated with these committees?

Shri Alagesan: In these railways, the members of the regional and zonal committees have been associated. On the Eastern Railway, the members of the Zonal Railway Users' Consultative Committee have been associated with this work of inspecting the establishments ; this Committee consists of Members of Parliament too.

Shri Dabhi: May I know whether Government have received any complaints regarding the bad quality of meals, especially vegetarian meals, served by these catering establishments ?

Shri Alagesan: At what place ?

Mr. Deputy-Speaker: Is it on any particular line or on all the lines ?

Shri Dabhi: On the Western Railway.

Shri Alagesan : There have been complaints not only with regrd to vegetarian meals, but with regard to non-vegetarian meals also. But I cannot say off hand whether they relate to a particular contractor or a particular station.

सेठ अचल सिंह : क्या मंत्री महोदय यह कृपा कर के बतलायेंगे कि रीजनेल और ज़ोनल रेलवे यूजर्स कंसलटेटिव कमेटी जो बनाई जाती है वह, किस उसूल पर बनाई जाती है ?

रेलवे तथा परिवहन मंत्री (श्री एल० बी० शास्त्री) : वह तो नियम बिलकुल सब छपे हुए हैं, अगर माननीय सदस्य चाहें तो वह उन छपे हुए नियमों को देख सकते हैं और मैं उन्हें दे भी सकता हूं ।

Shri Dabhi : May I know whether it is not a fact that the questioner himself had given a written complaint to the hon. Minister regarding service of bad quality of food ?

Shri Alagesan: It might be so. But I do not think the question related to that. I know he is a very active Member. He has been giving complaints.

Shrimati Ammu Swaminadhan : May I know if on the Southern Railway, they are not having such an inspection by a non-official committee ? If they are going to have such an inspect in committee, are they putting any women on the committee ?

Shri Alagesan: I said in my answer that the matter is under active consideration on other railways, of which the Southern Railway is one, I should like women to be associated with this and I shall conve this to the zonal committee members of the Southern Railway.

Shri L. B. Shastri: I might go beyond what the Deputy Minister has said, I will suggest to the Southern Railway that lady members only should be put on this work.

Dr. Rama Rao: May I know how often the medical officers of the railway inspect the cleaning of the vessels and servicing ?

Shri Alagesan: The medical staff as well as the supervisory staff have been enjoined to inspect these establishments without fail and take stringent action whenever there is any lapse.

Dr. Suresh Chandra: May I know since the association of non-officials in the matter of inspecting catering establishments whether Government have got any information about imporvement or do these continue in the same way ?

Shri Alagesan: It is very difficult to answer such a question. Naturally, when non-officials are associated and the whole inspection is being reinforced in this way, certainly, we expect things to improve.

श्री एम० एल० द्विवेदी : माननीय मंत्री ने कुछ दिन हुये ऐसी घोषणा की थी कि खाद्यान्नों के सस्ते होने के कारण रेलवे में भोजन की दरों में कमी की जायगी। मैं जानना चाहता हूं कि यह घोषणा कब कार्यान्वित की जायगी और रेलवे में कब से ठीक और सस्ता भोजन मिलने लगेगा?

श्री एल० बी० शास्त्री : माननीय सदस्य को यह मालूम होगा कि रिफ्रेशमेंट रूम्स में आज जो खाना मिलता है उसकी कीमत काफी कम कर दी गई है। १२ आ० और १४ आ० कीमत उसकी रखी गई है और फूड का भी स्टैन्डर्ड मुकर्रर किया गया है। लेकिन इस वक्त हम तमाम चीजों पर फिर से विचार कर रहे हैं और शायद बहुत जल्दी हम नये कदम लेंगे जिससे खाना भी अच्छा हो जायेगा और कीमत भी कम हो जायेगी।

सरदार ए० एस० सहगल : क्या यह सच है कि बहुत से कंट्रेक्टर्स आज सेन्ट्रल

रेलवे में हैं जिनके खिलाफ बहुत सी शिकायतें पेश की गई हैं और उसके बाद भी वह लोग आज तक कंट्रेक्टर्स हैं ?

श्री एल० बी० शास्त्री : माननीय मेम्बर की शिकायतों का खयाल मुझे नहीं है । लेकिन अगर यह शिकायतें आपके इलाके में होती हैं तो आपकी भी तो उस के रोकने में कुछ मदद करनी चाहिये ।

सरदार ए० एस० सहगल : मैं आप को नाम बता सकता हूं । झांसी स्टेशन की शिकायतें काफी अर्से से पड़ी हैं तथा कई लोगों के बारे में हैं, लेकिन कोई कार्यवाही नहीं की गई ।

Mr. Deputy Speaker: Order, order; the hon. Member says:

आप के पास, मेरे पास कहां ?

सरदार ए० एस० सहगल : आप के पास नहीं, मिनिस्ट्री के पास हैं ।

Mr. Deputy Speaker: Hon. Members are always expected to address the Chair. Therefore आपके पास में, तो मेरे पास में कैसे?

Shri Raghavaiah: May I know whether Government is aware that in view of the fact that one company is given the monopoly of catering throughout the major portion, if not the whole of the railways in India, the care taken regarding catering of meals and other refreshments is comparatively less good than if catering is done through Annapurna and other services ? May I also know whether the Government propose to take over the whole of catering and give up these contracts?

Shri Alagesan: We are very much aware of the evils of monopoly and large holding. Now the policy is to minimise the areas of these caterers and make them more compact and more capable of giving good service.

Coaches

*1239. **Shri D. C. Sharma:** Will the Minister of **Railways** be pleased to state:

(a) the number of III class coaches on the Northern Railway that have been fitted with fans so far; and

(b) the percentage of such coaches to the total number of III class coaches in that Zone ?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) 809.

(b) 44% .

Shri D. C. Sharma: May I know by what time all the coaches employed in the Northern Railway will be fitted with fans ?

Shri Alagesan : It was decided that all the new third class caoches should be provided with fans and also all coaches under 20 years of age should be provided with fans, and all womens' compartments without reference to age, should also be provided with fans. As per this riterian, 80 per cent of the compartments have been fitted with fans. Only coaches which are over 20 years of age have been left out.

Shri D. C. Sharma: Is it not a fact that most of the coaches that have been fitted with fans ply on the main line and not on the branch lines and if so, what is the cause of this discrimination between the main line and the branch lines ?

Shri Alagesan: I do not know whether the information is correect. But the main line is more important and more passengers make use of the main line.

Shri D. C. Sharma: May I know if all the coaches which are used as women's compartments will be equipped with fans even though they are more than 20 years old ?

Shri Alagesan : Tnat was what I stated in my reply.

श्री बुलेकर : क्या आनरेबुल मिनिस्टर साहब को यह मालूम है कि छोटे छोटे क्या बड़े बड़े स्टेशनों पर भी एलक्ट्रीशियन नहीं रहते हैं और पंखे बन्द हो जाते हैं और शिकायत करने पर भी कोई पंखों को नहीं चलाता, और २६ तारीख को जी० टी० एक्सप्रेस इस लिये नई दिल्ली स्टेशन पर खड़ी रही कि वहां एलेक्ट्रीशियन नहीं था ।

Shri Alagesan : I think stoppage of electricity occurs even in residential buildings in Delhi.

The Minister of Railways and Transport (Shri L. B. Shastri): And in this House also.

Indian Shipping

*1241. **Shri Bhagwat Jha Azad:** Will the Minister of **Transport** be pleased to state:

(a) whether the attention of Government has been drawn to the statement of the President of the All India

Exporters' Association made at a meeting of the Association held on the 18th May, 1955, complaining that India's export trade was seriously handicapped by shipping difficulties ; and

(b) if so, the details of the steps taken to tide over these difficulties ?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Government have seen the statement referred to.

(b) A statement is laid on the Table of the Sabha. [*See* Appendix VII, Annexure No. 16]

Shri Bhagwat Jha Azad: What attempts are being made by the Government to remove the non-availability of shipping space for export cargo as referred to in the statement ?

Shri Alagesan : Whenever complaints have been made, we have asked the shipping companies to meet the shippers and see that such complaints do not arise and also to help the shippers as much as possible.

Shri Bhagwat Jha Azad: In the absence of any statutory power, as referred to in the statement, do Government propose to have some such powers or what attempts are being made by Government to remove the discriminatory policy being followed by the foreign companies ?

Shri Alagesan: Evidently, the hon. Member refers to the allegation that the foreign shipping companies levy discriminatory freights. That is now being gone into and we have asked for details. An Officer on Special Duty in the Directorate General of Shipping is going into this question and finding out how far the allegations are true.

Shri Bhagwat Jha Azad: May I know whether in the light of the improved port facilities provided by the Government of India these conference companies have now decided to drop the threatening attitude of levying surcharge on the goods ?

Shri Alagesan : I think almost all the foreign companies—I mean the Shipping Conference lines have decided to withdraw the surcharge, though the USA-India line has been postponing it from month to month. But, I have reason to believe that they will postpone it indefinitely.

Shri A. M. Thomas: One of the serious charges that have been levelled against these is discriminatory freight rates.

In view of the fact that we cannot legislate with regard to overseas trade, may I know whether Government have taken up this matter on an international level with other Government ?

Shri Alagesan: All the shipping companies are private companies. I have already answered that an Officer on Special Duty in the Directorate General of Shipping is at present seized of the question and is examining how far the allegations made are true. After his report is received, we will be able to take some concrete steps.

Shri Dhulekar : There was a conference at New York only recently and there the postponement for increased surcharge of 35 per cent had been made only for one month, that is from 15th September to 15th October. May I know what steps the Government of India will take so that the surcharge may be postponed permanently ?

Shri Alagesan : The Shipping Lines are aware of the Government's position on this matter and, as I said, I have every reason to believe that they will postpone it indefinitely.

Mr. Deputy-Speaker : The Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Sugar Yield

***1207. Shri Ibrahim :** Will the Minister of **Food and Agriculture** be pleased to state :

(a) whether it is a fact that the average percentage yield of sugar for this year has been greater than that of the last year ; and

(b) if so, to what extent ?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) No. The average all-India percentage recovery of sugar in 1954-55 was 9·98 as against 10·07 in 1953-54.

(b) Does not arise.

Dismantled Railway Lines

***1208. Shri Krishnacharya Joshi :** Will the Minister of **Railways** be pleased to state :

(a) the mileage of dismantled railway lines restored during 1954-55 ; and

(b) the total expenditure incurred thereon ?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) and (b). A statement is laid on the Table of the House. [*See* Appendix VII, annexure No. 17].

Meteorological Conference

***1209. Shri Raghunath Singh:** Will the Minister of **Communications** be pleased to state:

(a) whether it is a fact that a Meteorological Conference of Commonwealth Nations was held in Britain on the 23rd May, 1955; and

(b) if so, the part played by India in that Conference?

The Deputy Minister of Communications (Shri Raj Bahadur) (a) Yes.

(b) Conferences of this kind are held from time to time to discuss special meteorological problems of common interest to the Meteorological Services of the Commonwealth. There are many fields of co-operation in meteorological matters within the Commonwealth more particularly with regard to problems of research and development of procedures and methods.

At the Conference held in May 1955, there were useful discussions on various important technical problems of common interest, such as numerical fore-casting, meteorological research with particular reference to artificial control of rain, current methods of forecasting, tropical meteorology, Commonwealth participation in the International Geophysical Year, supply of meteorological intruments etc. The Indian Delegation to the Conference took full part in these discussions.

Freight

***1210. Shri Bibhuti Mishra:** Will the Minister of **Transport** be pleased to state:

(a) whether it is a fact that Government propose to revise the freight charges with regard to exports;

(b) if so, whether there has been any consultations with the Ministries of Commerce, Finance and Railways; and

(c) the final decision taken in the matter?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) to (c). Government have no statutory power to control or regulate the freight rates on the Overseas Trades and the question of Government proposing to revise the freight charges with regard to exports does not arise. Some complaints have, however, been brought to the notice of Government that India's export trade is being hampered on account of shipping companies charging high or discriminatory freight rates on certain commodities and these are being investigated by the Dte. General of Shipping. Individual cases in which the rates charged are *prima facia* considered to be high or discriminatory are taken up with the Shipping Lines concerned with a view to persuading them to effect suitable reduction in the rates.

Flag Discrimination

***1213. Shri S. C. Samanta:** Will the Minister of **Transport** be pleased to state:

(a) the names of the persons who represented India at the 15th Congress of the International Chamber of Commerce in Tokyo in May 1955;

(b) whether India's views on flag discrimination were discussed there;

(c) if so, with what results; and

(d) what other subjects were discussed there with which India is concerned?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) A statement is laid on the Table of the Lok Sabha. [*See* Appendix VII, annexure No. 18].

(b) and (c). Yes. The Indian Shipowners' representatives, who attended the Congress, dissented from the Resolution on 'Flag Discrimination' adopted by the Congress and refuted the charges made against India.

(d) The main subjects discussed other than the one regarding flag discrimination, related to (1) Public and Private Investment in Economic Development, (2) Double Taxation of Shipping and Air Transport, (3) Discrimination in Transport Insurance and (4) Traffic Restrictions on Air Mail.

Wind Mills

***1217. Dr. Ram Subhag Singh:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether Government have formulated any scheme for giving assistance to the State Governments for installing wind mills for water supply;

(b) if so, whether any assistance was given to State Governments since January, 1954 for this purpose; and

(c) if so, to which State Governments and how much?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) No.

(b) and (c). Do not arise.

Sugar-cane

*1218. **Pandit D. N. Tiwary:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether any report has been received from the State Governments that sugar-cane has remained undisposed of due to closure of sugar factories; and

(b) if so, from which States?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) and (b). Yes, only in the case of two factories—one in Andhra and the other in Madras. In the case of Madras factory the cane was non-bonded, while in the case of Andhra Factory, which is a Cooperative concern, the cane belonged to the members of the factory.

रेलवे न्यायालय

*१२१९. **श्री अमर सिह डामर** : क्या **रेलवे** मंत्री यह बताने की कृपा करेंगे कि :

(क) मध्य भारत में इस समय कितने न्यायालय हैं जहां भारतीय रेलवे अधिनियम के अन्तर्गत अपराधियों पर अभियोग चलाये जाते हैं ; और

(ख) क्या इन न्यायालयों द्वारा इकट्ठा किया गया अर्थ दण्ड रेलवे राजस्व में दिया जाता है या राज्य सरकारों द्वारा रखा जाता है ?

रेलवे तथा परिवहन उपमंत्री (श्री अलगेशन) : (क) एक वैतनिक (stipendiary) रेलवे मजिस्ट्रेट को छोड़कर, जिसका सदरमुकाम इन्दौर में है, कोई दूसरी ऐसी अदालत नहीं है जिसमें केवल भारतीय रेलवे एक्ट के मामले देखे जाते हैं ।

(ख) जुर्माने की रकम राज्य सरकार रख लेती है ।

Railway Line

*1220. **Shri N. Rachiah**: Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that Government propose to construct a Railway line between Mysore city and Mercara (Coorg State); and

(b) if so, by what time?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) There is no such proposal at present.

(b) Does not arise.

Sugar Mills

*1222. **Sardar Iqbal Singh:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether it is a fact that the sugar factories have been advised to start crushing about a month earlier than usual, this year; and

(b) if so, what will be the price of the sugar-cane in that month.

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) and (b). At the meeting of the Joint Sugar Control Board of U. P. and Bihar, held at Ranchi on the 13th July, 1955, one of the suggestions made by the representatives of Sugarcane growers was that factories should be made to start crushing early, if necessary, by giving suitable concessions to compensate for low recovery. The matter is under consideration of the Central Government in consultation with the State Governments and other interests concerned.

Annapoorna Cafeteria

*1223. **Shri M. Islamuddin:** Will the Minister of **Food and Agriculture** be pleased to state whether there is a proposal to open at least one Annapoorna Cafeteria in each big city as well as in the rural areas of the country, in the Second Five Year Plan?

The Minister of Agriculture (Dr. P. S. Deshmukh): A proposal has been received from the All India Women's Central Food Council which is under consideration.

Sugar-Cane Cultivation in Tripura

*1229. **Shri Dasaratha Deb:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether it is a fact that the soil of Tripura is suitable for sugarcane production;

(b) if so, the steps Government propose to take to increase the production of sugar-cane there; and

(c) whether Government also propose to establish a sugar factory in Tripura State?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) Yes.

(b) No proposals have so far been received from the Tripura Government for development of sugar-cane cultivation in the State.

(c) Government have received no application for the establishment of a sugar-factory in Tripura State.

Hyderabad Gold Mines

*1230. **Shri T. B. Vittal Rao:** Will the Minister of **Labour** be pleased to refer to the reply given to Starred Question No. 725 on the 8th December, 1953 and state:

(a) the reason for the delay in the installation of an X-Ray apparatus in the hospital at the Hyderabad Gold Mines; and

(b) when it is likely to be installed?

The Deputy Minister of Labour (Shri Abid Ali): (a) and (b). Our Mines Department which have been in touch with the management has been informed that although the management had sanctioned the X-Ray equipment, it has so far not been obtained by them, as there has been a change in the administration and the new management is reviewing the position of all the equipment required by the Hospital.

Railway Accidents

*1233. **Mulla Abdullabhai:** Will the Minister of **Communications** be pleased to state:

(a) whether Government have considered the report of the Chief Inspector of Railways in respect of Railway accidents during the year 1953-54;

(b) if so, the approximate loss suffered by the Railways on account of the accidents during the above period; and

(c) the steps taken by the Railways to avert such accidents?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) The Report of the Chief Government Inspector of Railways on the Working of Railway Inspectorate for the year 1953-5 has been published. This report is of a factual nature and the question of consideration by Government does not arise.

(b) and (c). The required information is contained in para 26, read with the Appendix of the report cited in reply to part (a). Copies of the report are available in the Library of the Sabha.

Diet Kitchens

*1240. **Shri Krishnacharya Joshi:** Will the Minister of **Health** be pleased to state the total number of hospitals that have established special diet kitchens from the financial assistance give to them by Government?

The Deputy Minister of Health (Shrimati Chandrasekhar): Seven.

Integral Coach Factory, Perambur

*1242. **Dr. Ram Subhag Singh:** Will the Minister of **Railways** be pleased to refer to the reply given to Starred Question No. 1218 on the 23rd March, 1954 and state:

(a) when the Integral Coach Factory at Perambur is likely to start functioning; and

(b) whether the production programme of that factory for the first year has been prepared?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) October, 1955.

(b) Yes.

Staff Quarters

*1243. **Shri S. C. Samanta:** Will the Minister of **Communications** be pleased to state:

(a) whether it is a fact that only 750 units of quarters have been constructed for the Posts and Telegraphs staff during the first four years of the Plan period;

(b) if so, the number of units expected to be completed during the last year of the Plan;

(c) how far the construction will fall short of the target of the First Five Year Plan; and

(d) the main causes of the shortfall?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) No, the number of quarters constructed during the first four years of the Plan period is more than 1,400 units.

(b) About 300 units.

(c) By about 42%.

(d) The main cause of the short-fall is :—

> Delay in obtaining suitable sites, as acquisition proceedings take a prolonged time.

F. A. O. Committee on Commodity Problems

*1244. **Shri Radha Raman:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether it is a fact that the Economic and Statistical Adviser, represented India at the 25th Session of the F. A. O. Committee on Commodity Problems which met in Rome on the 23rd May, 1955;

(b) if so, whether he has submitted any report; and

(c) if so, its main features?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) and (b). Yes.

(c) A note giving the main features of the Report is placed on the Table of the Lok Sabha. [*See* Appendix VII, annexure No. 19].

Cinnamon

*1245. **Shri A. K Gopalan:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether it is a fact that there has been a decline this year in the cultivation and yield of Cinnamon as compared to the previous years;

(b) if so, the reasons therefor; and

(c) the steps taken to preserve and protect Cinnamon cultivation in India?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) and (b). Information is available only in respect of Madras. In that State, there has been a decline in the cultivation of Cinnamon from 300 acres to 217 acres, owing primarily to the fall in the demand for the Cinnamon products, on account of which its cultivation has become unprofitable.

(c) Nil.

Clash at Kurla Railways Station

*1246. { **Shri Gidwani:**
Shri M. D. Joshi:

Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that there was a clash between passengers and railway officials at Kurla station (Bombay) on the 15th July, 1955 as a result of which some passengers and officials were injured and railway property was destroyed;

(b) if so, the number of persons injured and the extent of damage caused to Railway property;

(c) whether any inquiry has been held into the matter; and

(d) if so, the causes of the clash?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Yes.

(b) Persons injured.... 12.

Damage to railway property. Rs. 4,819.

(c) Yes.

(d) 4 persons fell off Suburban train No. M. 18/1 Up as she left Kurla, which infuriated the passengers.

This train was abnormally overcrowded as it had also to carry the passengers of an earlier train which had developed mechnical defect.

Block Level Co-operative Officers

*1247. { **Shri M. Islamuddin:**
Shri Deogam:

Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether it is a fact that Government have set up training centres for Block Level Co-operative officers.

(b) if so, the number of centres and the places where they are located; and

(c) the number of trainees to be trained annually, State-wise?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) Not yet.

(b) Does not arise.

(c) A statement giving the required information is placed on the Table of the Sabha. [*See* Appendix VII, annexure No. 20].

Land Holdings

*1248. **Shri L. N. Mishra:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether it is a fact that some States have reported that the fixation of the ceiling on land holdings is not advisable at present; and

(b) if so, the names of such States?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) Yes. One State is opposed to the imposition of ceiling on existing holdings.

(b) Uttar Pradesh.

Crimes on Railways

*1249. **Sardar Iqbal Singh:** Will the Minister of **Railways** be pleased to state:

(a) the number of murders committed on the Northern Railway during 1954-55 and 1955-56, so far;

(b) in how many cases the culprits have been traced;

(c) the number of cases in which the Railway and Railway Police Staff were involved; and

(d) the steps taken to prevent such murders?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) to (c). A statement is laid on the Table of of the Sabha. [*See* Appendix VII, annexure No. 21].

(d) *In trains*: Provision of escorts on important trains, alarm chain apparatus, iron bars and safety door latches in compartments.

In Railway premises: Vigorous patrolling and checking by the Government Railway Police to keep the criminals at bay.

Overseas Passenger Services

*1250. **Shri Matthen:** Will the Minister of **Transport** be pleased to state:

(a) the progress made by the Indian Shipping Companies in regard to passenger services to the U. K., Burma, the South East and far Eastern countries and to the East Africa and in respect of Haj pilgrims to Jedda;

(b) the number of Indian passenger ships operating on these routes; and

(c) the steps being taken to find out ways and means to supplement the existing passenger services?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) and (b). A statement is laid on the Table of the Lok Sabha. [*See* Appendix VII, annexure No. 22].

(c) The study Group of the Consultative Committee of Shipowners has made *inter alia* certain recommendations for acquisition of tonnage during the 2nd Five Year Plan for running additional passenger services in existing routes and for operating services on new routes. The matter is under consideration.

Burma Rice

*1251. **Dr. Rama Rao:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether any request has been received by Government from the Burmese Government for the purchase of Burma Rice;

(b) if so, the price at which it has been offered; and

(c) the decision taken thereon?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) No Sir.

(b) and (c). Do not arise.

उत्तरी बिहार में खाद्य की स्थिति

*१२५२. **श्री भागवत झा आजाद :** क्या **खाद्य और कृषि** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या बिहार सरकार ने केन्द्रीय सरकार से वर्तमान वर्षा ऋतु के लिये चावल और गेहूं की मांग की है :

(ख) इस वर्ष में अब तक कितने मन चावल और गेहूं बिहार को भेजा गया है ; और

(ग) उत्तरी बिहार के बाढ़ग्रस्त क्षेत्रों में आज कल खाद्य की क्या स्थिति है ?

कृषि मंत्री डा० पी० एस० देशमुख) : (क) जी हां ।

(ख) चावल १८-८-५५ तक ३·८ लाख मन ।

गेहूं १८-८-५५ तक ३·७ लाख मन ।

(ग) सन्तोषजनक ।

Locomotives

*1253. **Shri Radha Raman:** Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that an order for 100 new Metre Gauge locomotives for the Indian Railways has been placed by Government during the current financial year;

(b) if so, the estimated total value of locomotives ordered; and

(c) the number of locomotives actually delivered up to the 31st July, 1955, and how many are expected to be delivered during the current year?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Orders have been placed for 563 and not for 100 Metre Gauge Locomotives during the current financial year.

(b) Estimated landed cost is about Rs. 15·8 crores.

(c) 61 Metre Gauge locomotives have been received and 176 more are expected to be delivered during the year 1955-56.

Import of Plants

*1254. **Shri M. Islamuddin:** Will the Minister of **Food and Agriculture** be pleased to state:

(a) whether it is a fact that Government propose to provide facilities to the trade, horticulturists and private individuals to import live plants and plant materials by air, which have hitherto been prohibited by the Destruction of Insects and Pests Act of 1916; and

(b) if so, the details thereof?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) and (b). A statement is laid on the Table of the Sabha. [*See* Appendix VII, annexure No. 23].

Cane-growers Share in excess profit

637. **Shri K. P. Sinha:** Will the Minister of **Food and Agriculture** be pleased to refer to the reply given to starred question No. 649 on the 10th March, 1955 and state:

(a) whether the question of the share of the excess profits made by sugar mills to be apportioned to the Cane-growers has been finally settled; and

(b) if so, whether the sugar mills have made the payment to Cane-growers?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) Attention is invited to Government Resolution No. SV—101(5—1)/54 dated 2nd April, 1955 (copy laid on the Table of Lok Sabha in reply to Unstarred Question No. 648 on the 7th April, 1955) by which an Expert Committee was appointed to examine *inter alia* the price linking formula adopted for 1953-54 season. Copy of the formula was laid on the Table of Lok Sabha in reply to Starred Question No 1007 on 10th December, 1954. The Committee is expected to submit its report by the end of next month.

(b) Payments are being made by mills to growers under the present Formula for 1953-54 season. No extra price for cane is payable by 95 factories out of 134 which worked in that season. 13 factories have completed payment of the extra price due to growers. 17 have made part payments and the balance is expected to be paid early. The cases of 9 factories are under correspondence.

Catering on Railways

638. **Shri Raghavaiah:** Will the Minister of **Railways** be pleased to state:

(a) the names of the stations where Vegetarian Refreshment Rooms are available in Andhra State (on the Southern Railway);

(b) whether tenders have been called for recently for the supply of milk through these Refreshment Rooms;

(c) if so, the number of tenders received; and

(d) the details thereof?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Statement I, furnishing the information is attached. [*See* Appendix VII, annexure No. 24].

(b) Yes, except for vegetarian Refreshment Room at Tenali.

(c) and (d). Statement II furnishing the information is attached. [*See* Appendix VII, annexure No. 24].

Train Service

639. **Shri Tushar Chatterjea:** Will the Minister of **Railways** be pleased to state:

(a) whether Government have received any representation recently from people of Bankura (West Bengal) that running of additional trains between Bankura and Howrah is essential to cope with the rush of passengers from Bankura; and

(b) if so, the action taken in the matter?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) yes.

(b) There is no traffic justification for running additional trains between Howrah and Bankura. Passenger trains No. 315 Up and 316 Down are, however, being strengthened by one third class bogie coach each.

Goods Handling Contracts

640. **Thakur Jugal Kishore Sinha:** Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that goods handling contract at Shalimar Goods Depot was entrusted to a Contractor from the 1st November, 1954 for a period of three years;

(b) whether it is also a fact that the contract has been terminated at the instance of the contractor after a period of one year;

(c) if so, the reasons therefor;

(d) whether Government propose to debar the defaulting contractor from getting any other railway contract in future; and

(e) whether Government propose to carry on the handling work departmentally to ensure efficient working?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Yes.

(b) Yes; but from 1-6-55.

(c) The contractors asked for enhancement of rates, failing which they requested to be relieved.

(d) No.

(e) The goods handling work is being done departmentally from 1-6-55 as a temporary measure.

Fresh tenders have been invited as it is not intended to do the work departmentally as a permanent measure.

Parcel Handling Contractor

641. **Thakur Jugal Kishore Sinha:** Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that the Railway Authorities have recently agreed to relieve the Parcel Handling Contractor of Howrah Railway Station before the expiry of the term of his contract;

(b) whether the above contractor continues to hold other handling Contract of Howrah goods shed;

(c) the estimated loss to Railways on account of the premature termination of this contract; and

(d) whether any action is proposed to be taken against the Contractor?

The Deputy Minister of Railways and Transport (Shri Alagesan) : (a) and (b). Yes.

(c) The question of loss to railways on account of the premature termination of the contract does not arise in this case.

(d) No.

Train Punctuality

642. **Shri D. C. Sharma:** Will the Minister of **Railways** be pleased to state:

(a) the particulars of the trains in the case of which the punctuality drive has been intensified on the Northern Railway during 1954; and

(b) the number of occasions on which disciplinary action has been taken against the staff for avoidable detentions of trains during 1954?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Information required is furnished in the attached list. [*See* Appendix VII, annexure No. 25].

(b) 3950.

Recruitment

643. **Shri D. C. Sharma:** Will the Minister of **Railways** be pleased to state:

(a) the number of employment notices issued by the Railway Service Commission. Allahabad during the year 1954-55;

(b) the number of persons who applied in response to these notices;

(c) the number of candidates called for interview;

(d) the number among them for whom passes were issued; and

(e) how many of these candidates were recruited?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) 23.

(b) 1,95,744.

(c) 17,914.

(d) *Class*	*Number of passes*
Second Class (now 1st Class)	82
Inter Class (now 2nd Class)	434
Third Class . . .	3,783
TOTAL .	4,299

(e) 3,253.

Government Employees' Trade Unions

644. **Shri Ibrahim:** Will the Minister of **Labour** be pleased to state:

(a) the names of the Trade Unions of Government employees recognised by the Government of India;

(b) the names of the other Trade Unions and the Organizations of Government of India employees that exist but are not recognised;

(c) the number of strikes declared by the recognised Trade Unions in the years 1953-54 and 1954-55; and

(d) how these strikes were settled?

The Minister of Labour (Shri Khandubhai Desai): (a) to (d). The information is being collected and will be placed on the Table of the House.

Behar Bukhtiarpur Light Railway

645. **Shri Jhulan Sinha:** Will the Minister of **Railways** be pleased to state:

(a) whether Government are aware of the inconveniences and discomfort of passengers on the Bukhtiarpur-Behar Light Railway; and

(b) if so, the steps taken or proposed to be taken in the matter?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Yes.

(b) Government have decided to make a traffic and engineering survey with a view to examining the implication of conversion of the Bukhtiarpur-Behar Light Railway to a broad gauge line. The State Government also initiated certain enquiries in 1954 for imrpoving the working of the Light Railway through improvement in the existing management by the District Board, Patna. The processing of this is a matter which rests with the State Government.

पर्वतीय स्थान (हिल स्टेशन)

६४६. श्री भक्त दर्शन : क्या रेलवे मंत्री १७ मार्च, १९५५ को दिये गये तारांकित प्रश्न संख्या ११०२ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) किन किन स्टेशनों को पर्वतीय स्थान (हिल स्टेशन्ज़) घोषित किया गया है और इसके कारण उनको रेल भाड़े के बारे में विशेष रियायत दी जाती है ; और

(ख) क्या उपरोक्त सूची में किन्हीं दूसरे स्टेशनों को और सम्मिलित करने का विचार किया जा रहा है ?

रेलवे तथा परिवहन उपमंत्री (श्री अलगेशन) : (क) रेल-यात्रा में रियायत देने के लिये नीचे लिखे स्टेशन पहाड़ी स्थान (Hill stations) माने जाते हैं :–

शिमला, सोलन, धर्मपुर, देहरादून, पठानकोट, काठगोदाम, उट्टकमण्ड, कोडैकानल रोड (कोडैकालन के लिये) आबु रोड (आबू के लिये), कोणनूर, दार्जिलिंग, कर्सियांग, शिलांग (रेलवे आउट एजन्सी), पिपरिया और कोटागिरि ।

(ख) जी हां ।

Accidents

647. Pandit D. N. Tiwary: Will the Minister of **Railways** be pleased to state:

(a) the number of train-motor truck accidents in each zone during 1954-55;

(b) the number of persons killed and seriously injured in these accidents;

(c) the value of property damaged as a result thereof; and

(d) whether there has been any claim for damages in any zone?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a)

Railway	*Number* of *accidents*
Central	2
Eastern	..
(*ex* Eastern Railway)	
Northern	8
North-Eastern	6
Southern	3
Western	9
TOTAL	28

(b) Killed	22
Seriously injured	21

(c) The approximate cost of damage to Railway property was Rs. 1,726.

Cost of damage to Public property is not known.

(d) Yes; on North-Eastern, Southern and Northern Railways.

Connaught Place, New Delhi

648. Shri Radha Raman: Will the Minister of **Health** be pleased to state:

(a) whether it is a fact that the unlit lawns of the Connaught Place, New Delhi are soon to be decorated by coloured fountains;

(b) whether any other proposals, for effecting improvements in the C n-naught Place and Regal Park have been accepted by Government; and

(c) the estimated cost of construction of these fountains and other proposals separately and how it will be met?

The Deputy Minister of Health (Shrimati Chandra Sekhar): (a) Yes. There is a proposal before the New Delhi Municipal Committee to provide a fountain equipped with coloured lights in the centre of Connaught Place, New Delhi.

(b) No proposal for effecting improvements in the Connaught Place and Regal Park, has been received by Government. The New Delhi Municipal Committee have, however, under consideration proposals for the renovation of grass and provision of new hedges and an aquarium.

(c) The total estimated cost of construction of the fountain, coloured lights and aquarium is about Rs. 2 lacs, while that for the provision of grass and hedges about Rs. 59,000/-. The entire cost is to be met by the New Delhi Municipal Committee.

Engine Failures

649. **Shri A. K. Gopalan:** Will the Minister of **Railways** be pleased to state:

(a) the number of engine failures at Shoranur (on the Southern Railways) within the first six months of the current year;

(b) whether there has been any increase in such engine failures as compared to the earlier periods; and

(c) if so, the reasons therefor and the steps taken to minimise them?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) 36.

(b) Yes.

(c) The increase in statistical number of engine failures is mostly due to the change in method of compilation of statistics. There has also been an increase in the number of Locomotives at Shoranur.

सूर्य ग्रहण के दिन रलवे यातायात

६५०. **श्री रघुनाथ सिंह :** क्या रेलवे मंत्री यह बताने की कृपा करेंगे कि :

(क) पिछले सूर्य ग्रहण के समय रेल द्वारा कितने यात्रियों ने कुरुक्षेत्र की यात्रा की ; और

(ख) इससे कितनी आय हुई ।

रलव तथा परिवहन उपमंत्री (श्री अलगशन) : (क) ७६,१६५ ।

(ख) १,२२,४६१ रुपये ७ आने ।

Post Offices

651. **Shri Biren Dutt:** Will the Minister of **Communications** be pleased to state:

(a) whether it is a fact that the people residing in the Community Project area of Tripura have demanded the establishment of some Post Offices there;

(b) whether they have also asked for an increase in the number of delivery staff in some of the existing Post Offices; and

(c) if so, the step Government propose to take in the matter?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) and (b). No such demands are pending. The only Community Project Area and N.E.S. Block Headquarters in Tripura have been provided with post offices.

(c) Does not arise.

Forbesganj-Birpore Telegraph Line

652. **Shri L. N. Mishra:** Will the Minister of **Communications** be pleased to state:

(a) whether there was a proposal to provide a telegraph line from Forbesganj to Birpore *via* Balwa Bazar in Bihar;

(b) If so, the reasons for not providing the same as yet; and

(c) when it is expected to start functioning?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) Yes; but it had to be modified with reference to the demands of the Kosi Project Administration. The present proposal is to connect Birpore to Ferbesganj and Balwa Bazar to Narpatganj.

(b) and (c). Materials are awaited. Birpore office is expected to be opened in about two months. Efforts are being made to open Balwa Bazar office also as early as possible.

Raw Jute

653. **Shri L. N. Mishra:** Will the Minister of **Food and Agriculture** be pleased to state the amount of financial aid given by the Union Government to the Bihar Government for improving the quality of raw jute during the last two years and the amount spent so far?

The Minister of Agriculture (Dr. P. S. Deshmukh):

	Amount sanctioned	Amount utilised
1953-54 .	93,200	79,905*
1954-55 .	2,17,800	88,985

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*This does not include a sum of about Rs. 10,000/- spent directly by the Central Government on supplying 100 seed drills and 100 wheel area to the Bihar Government.

Railway Porters

654. Sardar Iqbal Singh: Will the Minister of **Railways** be pleased to state:

(a) the service conditions of the licensed Railway porters;

(b) whether they vary from zone to zone and if so, the reasons therefor;

(c) who does the loading and unloading of parcels from trains;

(d) whether there parcel porters are employed by the Railways; and

(e) if so, the emoluments paid to them?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Licensed Railway Porters are licensed either by the railway or by a contractor with whom the railway has entered into a contract for the purpose of carrying passengers' luggage to and from trains at prescribed rates.

In addition they also handle booked luggage and parcels for the railway at certain stations on payment of suitable remuneration.

At some stations where decasualization scheme has been introduced, they are given free out-door medical treatment.

Licensed porters are not railway employees; they are, however, liable to disciplinary action for overcharging or harassing passengers, unsatisfactory behaviour etc.

(b) The conditions vary in some respects *e.g.* their being licensed by the railway or the contractor, and the amount of licence fee charged. The latter varies in accordance with the prevalent conditions at each Station, Supervisory Cost etc.

(c) This work is done at some stations by parcels and luggage porters who are railway employees, at some stations by labour employed by a contractor appointed by the railway and at some other station by licensed porters.

(d) Yes.

(e) Parcel Porters are paid in the prescribed scale of Rs. 30—½—35 and Dearness and other allowances under the normal rules.

Helicopter

655. Sardar Iqbal Singh: Will the Minister of **Communications** be pleased to state:

(a) the cost of a Helicopter;

(b) how many passengers and how much luggage can be carried by it;

(c) the cost of running a Helicopter service for a distance of about 300 miles a day; and

(d) what are its requirements in so far as the personnel, landing ground and other technical equipments are concerned?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) to (d). Price, capacity, operational cost and requirements of landing ground, personnel and technical equipment vary depending upon the type, size and make of Helicopters. As Government do not possess any Helicopter for civilian use, precise information can-not be given.

केन्द्रीय ट्रैक्टर संगठन

६५६. श्री नवल प्रभाकर : क्या **खाद्य और कृषि** मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि केन्द्रीय ट्रैक्टर संगठन के कुछ पदाधिकारियों को संघ लोक सेवा आयोग के द्वारा बिना चुने ही सीधे तरक्की दे दी गई है ; और

(ख) यदि हां, तो इन पदाधिकारियों की विशेष योग्यतायें क्या हैं ?

कृषि मंत्री (डा० पी० एस० देशमुख) : (क) जी हां । ऐसे केवल चन्द ही उदाहरण हैं जहां संघ लोक सेवा आयोग के द्वारा उपयुक्त उम्मीदवारों के चुनाव हो जाने तक अन्तरिम रूप से, कुछ पदाधिकारियों को तरक्की दे दी गई है । संघ द्वारा नामजद उम्मीदवारों के मिलने पर, ये पदाधिकारी तुरन्त अपने असली पदों से हटा दिये जायगे ।

(ख) जहां तक योग्यता का वास्ता है, इन पदाधिकारियों की कोई भी विशेष योग्यता नहीं है ।

Rehabilitation of Tribal People

657. Shri Dasaratha Deb: Will the Minister of **Food and Agriculture** be pleased to state:

(a) how many applications for rehabilitation have been received so far from the Tribal zoomias of Tripura;

(b) how many of them have been rehabilitated;

(c) the amount of financial aid and acreage of land given to each family; and

(d) the names of the Divisions where rehabilitation work is being carried out?

The Minister of Agriculture (Dr. P. S. Deshmukh): (a) to (d). Information, when received, will be laid on the Table of the Sabha.

Posts and Telegraphs Manuals

658. **Shri T. B. Vittal Rao:** Will the Minister of **Communications** be pleased to state:

(a) whether it is a fact that the Posts and Telegraphs Manual Volume VI, Parts I and II, were re-printed in 1952 corrected upto 1940; and

(b) if so, whether Government propose to arrange for its re-printing corrected upto the 31st March, 1954?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) Yes; to meet requirements in connection with Departmental examinations.

(b) A third edition of the Posts and Telegraphs Manual Volume VI Part II corrected upto 31-12-1951, has already been published and this part is being kept corrected by issuing amendments made after 31-12-51 through correction lists published quarterly to the book.

Part I of the P. and T. Manual, Volume VI, third edition corrected upto end of financial year 1953-54 is under print.

Hyderabad Gold Mines

659. **Shri T. B. Vittal Rao:** Will the Minister of **Labour** be pleased to refer to the reply given to Unstarred Question No. 399 on the 11th December, 1953 and state:

(a) the number of quarters constructed up-to-date by the Hyderabad Gold Mines Company for the workers employed there;

(b) how many more quarters are proposed to be constructed;

(c) the number of workers not provided with quarters; and

(d) whether such workers will be paid House Rent Allowance in lieu of quarters?

The Minister of Labour (Shri Khandubhai Desai): (a) 672.

(b) 106.

(c) Of the 723 employees who have not been provided with housing accommodation, a majority are reported to come from the neighbouring villages where they have their own residential arrangements. About 170 employees are, however, stated to be in need of houses and the quarters now under construction are expected to meet the requirements partially.

(d) No proposal seems to be under consideration of the Company.

Wagon Assembly Plant

660. { **Shri Bhagwat Jha Azad:**
Shri M. L. Dwivedi:

Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that Government propose to set up a wagon assembly plant at Visakhapatnam in Andhra; and

(b) if so, whether the side for this plant has already been selected?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) and (b). Yes, Sir.

Dearness Allowance

661. **Shri T. B. Vittal Rao:** Will the Minister of **Railways** be pleased to refer to the reply given to Unstarred Question No. 37 on the 26th July, 1955 and state:

(a) the reasons for implementing the benefits of Gadgil Committee's recommendations in the case of the employees of the *ex*-Nizam's State Railway who opted to retain the preabsorption terms and conditions of service from the 1st August, 1955 and not from the 1st June, 1953; and

(b) the number of the employees who have retired without this benefit since the 1st June; 1953?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) The grant of the benefits accruing from the Gadgil Committee's recommendations did not automatically follow from the terms offered to the staff of ex-State Railways, at the time of integration. The question how dearness allowance which was a compensatory allowance should be regulated, in the case of ex-State Railway staff who had opted to retain their preintegration terms of service, was specifically considered and effected was given in their case from the prescribed date 1-8-1955.

(b) 351.

Passenger Amenities

662. Shri C. R. Chowdary : Will the Minister of **Railways** be pleased to state:

(a) the number of stations on the Southern Railway where Passenger Guides have been appointed so far;

(b) the number of stations where these Guides have yet to be appointed; and

(c) the minimum educational qualifications prescribed for them?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) 13.

(b) Nil.

(c) Matriculation.

Selection Posts

663. Shri Gadilingana Gowd: Will the Minister of **Railways** be pleased to refer to the reply given to Starred Question No. 2062 on the 27th April, 1954 and state:

(a) whether any decision has since been taken for the classification of certain posts on the scale of Rs. 150—225 as selection posts;

(b) if so, the posts which have been classified as such; and

(c) whether selection posts are to be filled up by the zonal Railway Administration or by the Railway Board?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) and (b). A decision has been taken in a few cases where the recommendations have been received and considered. A list of these is attached. [*See* appendix VII, annexure No. 26]. In other cases the recommendations of the Railway Administrations, after consultation with their recognised unions, are awaited.

(c) By the Railway Administration.

Rail Surveys

664. Mulla Abdullabhai: Will the Minister of **Railways** be pleased to state:

(a) the number of the preliminary engineering surveys for Broad and Metre Gauge Railway lines sanctioned by the Railway Board during the year 1954-55 and the details thereof;

(b) the total amount spent on these surveys; and

(c) the names of the railway lines completed so far, or are likely to be completed in the near future?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) Two surveys have been sanctioned, one for a Broad Gauge line between Madhopur and Kathua and the other for a Metre Gauge line between Ramshai and Binnaguri.

(b) The estimated cost of the two Preliminary Engineering Surveys is Rs. 79,868/-.

(c) A statement of lines completed after the World War II and lines under construction at present is attached. [*See* Appendix VII, annexure No. 27].

Grant of Extension of Service

665. Dr. Satyawadi: Will the Minister of **Communications** be pleased to state:

(a) the number of Government employees working at present in his Ministry and offices under his administrative control, after attaining the age of superannuation; and

(b) the number of cases where extensions are proposed to be granted?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) and (b). The requisite information is being collected and will be laid on the Table of the Lok Sabha in due course.

Aerodromes in U.P.

666. Shri M. L. Agrawal: Will the Minister of **Communications** be pleased to state:

(a) the names of the districts in Uttar Pradesh which have not so far been provided with aerodromes; and

(b) whether Government propose to provide each of these districts with an aerodrome during the Second Five Year Plan period?

The Deputy Minister of Communications (Shri Raj Bahadur): (a) I lay on the Table of the Lok Sabha a statement giving the requisite information. [*See* Appendix, VII, annexure No. 28].

(b) No, Sir. The Central Government provides Civil Aerodromes only at such places in the country which are considered essential from an all-India Civil Aviation point of view. Aerodromes at places which are considered important from the point of view of local communication purposes, are ordinarily provided by the State Government concerned.

Provision of Platforms

667. **Shri M. L. Agrawal:** Will the Minister of **Railways** be pleased to state:

(a) whether it is a fact that none of the stations on the Branch lines PILIBHIT-SHAHJEHANPUR and PILIBHIT-TANAKPUR on the North Eastern Railway, have been provided with a platform; and

(b) if so, whether Government propose to provide platforms there for the convenience of the passengers?

The Deputy Minister of Railways and Transport (Shri Alagesan): (a) No, Sir. Three of the eighteen stations on these sections have high level platforms, the rest have rail level platforms.

(b) Does not arise.

Telephones

668. **Shrimati Kamlendu Mati Shah:** Will the Minister of **Communications** be pleased to refer to the answer given to Starred Question No. 815 on the 17th August, 1955 and state:

(a) the number of telephones installed so far in Tehri-Garhwal and Pauri Garhwal Districts in Uttar Pradesh;

(b) the number of telephones proposed to be installed in the above Districts in the near future; and

(c) the names of the places?

The Deputy Minister of Communications (Shri Raj Bahadur): (a)

Tehri Garhwal District	*Pauri Garhwal District.*
One Telephone Exchange.	Four exchanges and eight public call offices.
No. of Telephones 9 (Urban)	No. of Telephones— 50 (Urban 43; Rural 7)

(b) and (c).

Public call offices at (1) Kirti-nagar.	Telephone exchange at Chamoli.
(2) Deoprayag.	

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LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

LOK SABHA

Tuesday, 30th August, 1955

The Lok Sabha met at Eleven of the Clock.

[MR. DEPUTY-SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS.

(*See Part I*)

12 NOON.

QUESTION OF PRIVILEGE

Mr. Deputy-Speaker: I have received notice of a motion of privilege. Are any of the hon. Members here?

Shri Sarangadhar Das (Dhenkanal-West Cuttack): I wish to raise a question of privilege under rule 245 of the Rules of Procedure. The subject-matter is this.

In the issue of the 26th of August, 1955, the Daily Pratap, an Urdu paper, carries a signed article from the proprietor. It has been brought to our notice that the article has a portion which when translated would read (this is the quotation from the article):

> "But in the Lok Sabha some brave speeches were made with a view to impress on the Press Reporters that they had no better well-wishers than the Members. It is said that the peasant's greeting is not without any purpose. These Members' speeches were not without objective either, and it is possible that these speeches were made for some consideration."

This passage is an affront to the integrity of the Members who participated in the debate on the Press Commission report. Hence the question of privilege has to be raised.

Mr. Deputy-Speaker: *Prima facie* this seems to be a contempt or breach of privilege of this House, the words "and it is possible that these speeches were made for some consideration". It has been brought to my notice that after this was published in the Pratap, the author of this issued an unconditional apology in the following terms (this is the translation by the office):

> "In the Pratap of the 27th August, under the title 'Discussion on the Report of the Press Commission' I had published an article. The following words were used in that article:
>
> 'This is the state of interest of the Members of Lok Sabha on the subject that out of 670 Members to whom the questionnaire by the Press Commission had been sent only three Members replied to that questionnaire. In the Lok Sabha, however, lengthy speeches were delivered by Members' and an effort was made to show that there was no greater champion of the cause of the Press Reporters than those Members.
>
> The salute of friends is not altogether without self-interest. The speeches of the Members are also not without self-interest. It is possible that the speeches might have been delivered with a certain return in view.'
>
> These words can be construed to imply contempt of the Members of Parliament. For this reason I am

[Mr. Deputy-Speaker]

taking back all these words unconditionally and beg to apologise to the Hon'ble Speaker and the Members of Parliament."

This was published in the Pratap itself. I do not think it is necessary to pursue this matter any more.

श्री अलगू राय शास्त्री (जिला आजमगढ़---पूर्व व जिला बलिया---पश्चिम) : पर्याप्त हैं ।

Shri M. S. Gurupadaswamy (Mysore): Is it sufficient? A paper may start publishing certain things against Members of Parliament and then apologize. Is it enough that we get an apology, or should not a Committee of Privileges go into this question?

Mr. Deputy-Speaker: The rules are that as soon as notice of any such motion is given to the Secretary, the Speaker examines it and if there are no technical objections he gives permission for the matter to be raised immediately after the Question Hour, on the floor of the House. Then it is for the House immediately to take up that matter and dispose of it, or, if it is a lengthy one, if it considers it desirable or feasible, to send it to the Committee of Privileges. Now, the House can dispose of it immediately. It can take time to consider the matter, or it can refuse to accept this apology and ask the editor himself to make an apology. It can do anything it likes. I only said this—this matter was brought to my notice—and therefore I suggested to the House that the House is willing it may accept the apology, or if the House wants it can say that further apology is necessary and that we are not going to accept this. It is open to it to do so. I thought it is in Urdu, it is not in English. Further, that man also found that the words were used rather indifferently—I mean that it is wrong to have abused—and he has tendered an unconditional apology. My own suggestion is that this matter may be dropped.

Several Hon. Members: Yes, yes.

Mr. Deputy-Speaker: The House agrees that the matter may be dropped.

MOTION *RE* TERMINATION OF SUSPENSION OF A MEMBER

Acharya Kripalani (Bhagalpur *cum* Purnea): Sir, I would like to make a statement.

I would like to make a submission about the incident that took place in this House on the morning of the 27th and which led to the suspension of Shri Kamath for seven days. I have already written to you about this matter.

I know how difficult and exacting is the task of the Chair in this House. It has to decide complicated questions of procedure, points of order and other like things at the spur of the moment. In the midst of ***tongues it has to keep***order to allow the proceedings of the House to be carried on. It is therefore no wonder that the Chair often works under a great*** strain. For this task it is provided with extraordinary powers. What the Prime Minister, with all his executive authority, cannot do, in this House the Chair can do most effectively without its authority being questioned.

This great authority, therefore, I submit, must be exercised with great charity. And unless this is done, the rights of the Members are likely to suffer. The authority of the Chair and the anxiety of the Members to discharge their duties by insisting upon speaking must, as human nature is, sometimes create conflict. This conflict can be removed by*** a little good homour***. I am glad to say, Sir, this is generally the case when you are in the Chair.

Usually this House functions in a manner that is more quiet and passive than that of any popular House in the West, including the Mother of Parliaments in England.

***Expunged as ordered by the Chair.

Shri Algu Rai Shastri (Azamgarh Distt.—East *cum* Ballia Distt. West): That is so.

Acharya Kripalani: This House is considered to be more dignified*** I am sorry, Sir, that the words "fantastic nonsense" have been used so often here that they have become almost fashionable. If, therefore, a Member of the Opposition uses these words, it must be viewed with indulgence.

Shri Kamath made it clear before leaving the House, in response to the order of the Chair, that these words were not used against the Chair but against those who were shouting him down and arrogating to themselves the functions of the Chair. This, Sir, is on record. I had a talk with Shri Kamath and he again assured me that these words were not used against the Chair. I am sorry that Shri Kamath did not resume his seat when he was ordered to do so. But, for this it would have been enough if he had been asked to leave the House for the day. But, Sir, I believe that an exile of a whole week for Shri Kamath from the House deprives it of the presence of a very dynamic, colourful and interesting personality. I therefore move that the suspension of Shri Kamath may be withdrawn.

Mr. Deputy-Speaker: The question is:

> "That the suspension of Shri Kamath be terminated".

The motion was adopted.

Mr. Deputy-Speaker: The suspension is withdrawn from today.

Shri Dhulekar (Jhansi Distt.—South): With your permission, Sir, I should say that I take strong exception to some words used by Acharya Kripalani***. He has spoken so many words which are derogatory to the prestige of the Speaker, Deputy-Speaker and the House***. I take exception to it. I agree to the proposition that Shri Kamath may be given exemption from suspension for four days. Still I will say that Acharya Kripalani, should apologise to the House and if he does not do it I request that he may withdraw from the House. Under the cover of making a statement he damned us all. Attacking us all, he said that we were quiet and passive. I say, 'No', Sir. We are an active people and we are prepared to fight the Opposition. With these words, I request that Acharya Kripalani may take back all those words except the last portion where he had urged that Shri Kamath may be given some concession.

Mr. Deputy-Speaker: There need not be a discussion over this.

श्री अलगू राय शास्त्री : श्रीमान जी, मैं एक शब्द कहना चाहता हूं ।

Shri Joachim Alva (Kanara): I just want to place two view-points before you.

Mr. Deputy-Speaker: Is it necessary to have any discussion on this matter? I feel really that all that has been said by Acharya Kripalani need not have been said. ***Coming as it does from the leader of an important group, I think it will not be right. I thought it would be a statement which would say that something unfortunate had happened. We were only too willing to allow this concession, if the particular person wanted this ***. But anyhow we are not going to pursue it and take up another matter (*Interruptions*). ***If he has no objection, he may himself strike out that portion. I would not like that these things should appear in the proceedings. All the compliments that were given in the first part were taken away by the latter part. It is rather strange. I would only say that it is unfortunate and in a matter of this kind some other controversy has been unnecessarily introduced. I do not think that this was intended.

Acharya Kripalani: May I explain without offending any of my friends? I only made a comparision with what we read every day is happening in the Chamber of Deputies in France, and

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***Expunged as ordered by the Chair.

[Acharya Kripalani]

legislatures in England, in the Continental countries and in America—where there are all sorts of scenes everywhere. We are free from them here ***. I have said that the Chair has powers and that it can smother our speeches and it can also see that we have no proper chances to ventilate our views. The powers of the Chair are great and I have only said that they must be used with charity. That is all that I have said.

Some Hon. Members: No.

Acharya Kripalani: Not only that, I have said that I am sorry that Shri Kamath did not sit down at the instance of the Chair. I submit that there is nothing wrong in my statement. I have made this statement, I tell you, to obviate some other motions that the Chair must have received. If you do not want this and if you want a discussion, I would request you not to have this discussion in this House.

Shri Bhagwat Jha Azad (Purnea *cum* Santal Parganas): We are prepared for a discussion.

Acharya Kripalani: I know you are prepared; you are in a majority and you can howl me down if you like; that is possible.

Mr. Deputy-Speaker: The other motion is from Shri Punnoose; he wants to move the same thing which Acharya Kripalani has moved, namely, that the suspension may be terminated with effect from today. There is nothing more; it is there on record. ***We are only concerned with a particular incident. If the hon. Member wanted to say only that it was unfortunate then that is all right. Even the hon. Member himself is sorry. ***The House has been quite charitable and accepted the statement of Acharya Kripalani. We need not go into other matters; we may set the matter at rest.

Shri S. V. Ramaswamy (Salem): No, Sir......

Shri A. M. Thomas (Ernakulam): I request that the objectionable portions of the statement may be expunged from the proceedings of this House.

Shri Joachim Alva: I want to raise one vital matter before you. I want to know whether the leader of a party is competent to make a statement on behalf of an erring Member. Is not the House entitled to get an apology from the erring Member instead from the leader of a party? Apart from that, it is a graceless statement made by the leader of that party: he ought to have made the statement in full grace and withdrawn. I may remind you, Sir, that neither in the Constituent Assembly nor in the Provisional Parliament nor in this House has an Hon. Member defied the Chair by repeatedly standing up when the Chair has been standing. I may here quote from *May's Treatise on Usages of Parliament—page* 105—1950 *Edition* only one sentence:

> "The purpose of expulsion is not so much disciplinary as remedial; not so much to punish Members as to rid the House of persons who are unfit for membership."

The Member was repeatedly on his legs when called to order. I do admire the many good things in him but when he violates the orders of the Chair repeatedly and stands on his legs when the Chair is standing, then it is something which we cannot tolerate and the decorum of the House has to be maintained.

Mr. Deputy-Speaker: Let not the Press report the entire speech of Acharya Kripalani. I find there are certain objectionable portions***. I shall sit with him and see if he can omit some of these aspersions which he has made against this House which has so charitably withdrawn the suspension of Shri Kamath without any hesitation and without any discussion. The House had just now passed the other resolution and accepted the question that I put. It was only too willing to withdraw that order on the report of the leader of that group. The hon. Member who was suspended that day has not sent any apology. Inspite of all that the House has been so charitable. It is not in keeping with the tradition of this House to use such expressions. I, therefore, hope and expect that the hon. Member will agree to my suggestion. I will go through his speech and omit one or two passages here and there which are not in keeping with what can be expected from any hon. Member of this House. I will therefore expunge these portions if Acharya Kripalani himself does not want to withdraw some of those aspersions that have been made.

***Expunged as ordered by the Chair.

Pandit Thakur Das Bhargava (Gurgaon): This was a matter between the Chair and Shri Kamath; this was not a matter between the Chair and the leader of the party. You yourself at that very moment said that if Shri Kamath expressed regret, he would be allowed to come in and the hon. Leader of the House also complimented you on that decision. We all want Shri Kamath to be here. He is our friend; he is a good Member, etc. But I do not like the idea that the **ledaer of a party** should represent an individual and come here with a statement like the one read out in the House. He himself should have come here and made amends.

Some Hon. Members: How can he come?

Pandit Thakur Das Bhargava: He could ask your permission to come and make a statement. That is the proper course. Otherwise it becomes a matter between the chair who is above all parties and the leader of a particular party. This is in fact a personal matter. He did not behave in the House as a Member of a particular party. If any Member on this side of the House behaves like this he will have to come to you and tell you in person that this has happened. You yourself said the other day that if he regrets, everything will be considered as closed.

Mr. Deputy-Speaker: All that I should like to say is that the matter is now over so far as this House is concerned. Everybody knows that if any Member of the House has been suspended from sitting in the House for a week, he cannot himself come here. That is the rule. Some other person has to make the motion on his behalf if he desires to make one. It is true that he must express regret for what has happened and have the motion made by some other Member. Acharya Kripalani told me that Shri Kamath was sorry, and because the Member himself cannot be here, he will make the motion on his behalf. What have marred the situation today are some of the unfortunate statements made by Acharya Kripalani himself. That is the misfortune. Therefore, I shall erase those portions from his statement—the rest of the motion has been adopted. An expression of regret has been expressed on Shri Kamath's behalf. Acharya Kripalani is not an ordinary member. He is a leader of a group. Therefore, I urge upon the honourable House to drop this matter. Some of those portion of Shri Kripalani's speech which are not quite in keeping with the dignity of the House will be expunged from the statement.

PAPERS LAID ON THE TABLE

REPORT AND BULLETIN NO. 22 OF CENTRAL SILK BOARD.

The Minister of Labour (Shri Khandubhai Desai): Sir, on behalf of the Minister of Production, I beg to lay on the table a copy each of the following papers in pursuance of an assurance given by the Minister of Commerce and Industry during the discussion on the Central Silk Board

[Shri Khandubhai Desai]

(Amendment) Bill on the 29th July, 1952:

(1) Report on the work of the Central Silk Board, 1954-55 [*Placed in* Library. *See* No. S-282/55.]

(2) Bulletin No. 22, issued by the Central Silk Board in February. 1955. [*Placed in Library. See* No. S-283/55.]

AMENDMENT TO MYSORE GOLD, MINES REGULATIONS AND MINES RULES

Shri Khandubhai Desai: Sir, I beg to lay on the Table a copy each of the following papers under sub-section (7) of section 59. of the Mines Act, 1952:

(1) Ministry of Labour Notification No. S.R.O. 525, dated the 28th February, 1955, making certain amendments to the Mysore Gold Mines Regulations. 1953. [*Placed in Library. See* No. S-284/55.]

(2) Mines Rules. 1955, published in the Ministry of Labour Notification No. S.R.O. 1421, dated the 2nd July, 1955. [*Placed in Library.. See Index No.* 285/55.]

Notifications under Sea Customs Act.

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): Sir, I beg to lay on the Table a copy each of the Ministry of Finance Customs Notification Nos. 100 and 101, dated the 18th June, 1955, under sub-section (4) of section 43B of the Sea Customs Act, 1878, as inserted by the Sea Customs (Amendment) Act, 1953. [*Placed in Library. See.* No. S-286/55.]

PRESIDENT'S ASSENT TO BILL.

Secretary: Sir, I have to inform the House that the Indian Tariff (Amendment) Bill, 1955, which was passed by the Houses of Parliament during the current session, was assented to by the President on the 23rd August, 1955.

MESSAGES FROM RAJYA SABHA

Secretary: Sir, I have to report the following five messages received from the Secretary of Rajya Sabha:—

(i) "In accordance with the provisions of rule 125 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on the 25th August, 1955, agreed without any amendment to the Prisoners (Attendance in Courts) Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 1st August, 1955."

(ii) "In accordance with the provisions of rule 125 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on the 25th August, 1956, agreed without any amendment to the Land Customs (Amendment) Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 29th July, 1955."

(iii) "In accordance with the provisions of rule 125 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on the 25th August, 1955. agreed without any amendment to the Durgah Khawaja Saheb Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 4th August, 1955."

(iv) "In accordance with the provisions of rule 125 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to inform the Lok Sabha that the Rajya Sabha, at its sitting held on the 26th August, 1955, agreed without any amendment

> to the State Bank of India (Amendment) Bill, 1955, which was passed by the Lok Sabha at its sitting held on the 5th August, 1955."

(v) "In accordance with the provisions of rule 97 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to enclose a copy of the Abolition of Whipping Bill, 1955, which has been passed by the Rajya Sabha at its sitting held on the 25th August, 1955."

ABOLITION OF WHIPPING BILL

Secretary: Sir, I lay the Abolition of Whipping Bill, 1955, as passed by Rajya Sabha, on the Table of the House.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

Railway Accident near Murshidabad

Shri M. S. Gurupadaswamy (Mysore): I beg to call the attention of the Minister of Railways and Transport to the following matter of urgent public importance and I request that he may make a statement thereon:—

> "Deaths of squatters on the Railway line, caused by the Calcutta bound Parcels Express train on 23rd August, 1955."

The Deputy Minister of Railways and Transport (Shri Alagesan): We deeply regret the unfortunate accident which took place on 23rd August, 1955, between Nashipur Road and Murshidabad railway stations, the details of which are as follows:—

(1) on both sides of the railway line where the accident occurred there is a refugee camp with a total population of about 5,255 persons. It would appear that about the time of passage of 408 Dn. Parcels Express, some of the refugees living in the camp on the west side of the railway line suddenly decided to stop this train and to prevent it from proceeding onward as a protest against the delay in the payment of the dole money by the West Bengal Government. A crowd collected near the track on both sides of a C class level crossing, which is situated at mile 123/4-5 between Nashipur Road and Murshidabad stations about 15 minutes before the passage of the train. The railway staff did not know anything about this obstruction of track by the refugees. The gate-keeper on duty appears to have found himself too helpless to take timely action to stop the train clear of obstruction. The local Head Constable of Police on coming to know that a crowd had collected, came to the site a few minutes before the accident and tried to persuade the crowd to keep clear of the track.

(2) At 7 o'clock in the evening of the day of the accident, while the train, which was booked to run through Nashipur Road station was approaching the level crossing at a booked speed of 30 to 35 miles per hour, the driver, it is stated, noticed the crowd only when he was about 2 telegraph posts away from it. He then whistled continuously to warn the crowd to clear the track and also applied the vacuum brake. But before the train could be stopped, people, who did not get away in time, were hit by the engine on the right side of the driver, as a result of which 5 men died on the spot, 6 men were seriously injured and 4 men slightly injured. The doctor of the refugee camp rendered first-aid to the injured and the serious cases were removed to Berhampore and Lalbaug Sub-division hospitals by road where one died on the 24th and another on the 25th August, 1955.

(3) As the train stopped, some of the refugees boarded the engine and manhandled the driver and the firemen pulling them down while others uncoupled the hose-pipes at several places. The engine buffer light was damaged and one glass pane of the brake-van broken. The train was detained at the site for 3 hours and 42 minutes when it was taken away by another engine crew.

[Shri Alagesan]

(4) The Superintendent of Railway Police has already taken up enquiry into the accident and a case has been registered under sections 304 I.P.C. and 101 Indian Railways Act. A departmental enquiry by senior railway officers is also going on.

(5) The Eastern Railway have been advised both by the District Magistrate and the Superintendent of Police that the driver of the train was not drunk. The West Bengal Government Rehabilitation Minister has already announced that all arrangements have been made for the care of the injured and for looking after the families of the dead and others incapacitated by serious injuries.

Shri M. S. Gurupadaswamy: May I just ask one question for seeking information. Is it not a fact that the crowd had collected and refugees were squatting on the track for nearly 3 hours and no attempt was made by officers or anybody to take them out of the track?

Shri Alagesan: I have stated the position as we know, Sir.

COMPANIES BILL—*Contd.*

Mr. Deputy-Speaker: The House will now take up clauses 145 to 250 of the Companies Bill......

Shri S. V. Ramaswamy (Salem): Sir, I rise on a point of order. This is a matter upon which I seek your ruling. The other day the Speaker gave one ruling and you have given another ruling. I sent in the list of amendments to be moved. I was held up......

Mr. Deputy-Speaker: Let me first of all make the announcement. There cannot be any objection to my reading this. When I come to the question of amendments the hon. Member may raise his point of order.

The House will now take up clauses 145 to 250 of the Companies Bill for which 9 hours have been allocated. Hon. Members who wish to move their amendments to these clause will kindly hand over the numbers of their amendments, specifying the clauses to which they relate, to the Secretary at the Table within 15 minutes.

I shall announce after 15 minutes the names of Members who have specified the amendments which they wish to move and these amendments will be treated as having been moved subject to their being otherwise admissible.

Shri Asoka Mehta (Bhandara): May I know whether you want us to take all these clauses together or you want them to be grouped?

Mr. Deputy-Speaker: I want them to be grouped. For this group 9 hours have been allocated. There is no use putting them together. I will go on with this point of order raised by Shri S. V. Ramaswamy and in the meanwhile hon. Members may decide into what groups they would like to put these clauses.

Shri S. V. Ramaswamy: The other day, I had tabled certain amendments, but I was not present in the House when the clauses were split up into two separate groups. At that particular time I was not here to move the amendments relating to those groups. Then, subsequently, when I came in, the discussion was going on with respect to those clauses. I requested the Chair to allow me to move my amendments, but the Speaker said he could not. Now, I find at page 7760, of the stencilled debates of the 25th August, 1955, the following:

> "**Mr. Deputy-Speaker:** The hon. Minister.
>
> **Shri Kamath:** Sir, I will only formally move my amendments to these clauses. They are self-explanatory and I will not, therefore, make any speech.
>
> **Mr. Deputy-Speaker:** Have they not been moved already?

> **Shri Kamath**: I had suggested that they should be taken as moved, when I left the other day.
>
> **Mr. Deputy-Speaker**: You mean, not only for yesterday, but for all days to come?
>
> **Shri Kamath**: I shall be out of Delhi for some time and if that could be done I would be very happy.
>
> **Mr. Deputy-Speaker**: Shri Kamath is really interesting. Anyway I have no objection and I will treat them as moved What are they?"

Then Shri Kamath moved his amendments. Afterwards, this is what we find in the debates:

> "**Shri S. S. More**: Sir, he wants an assurance like this even for the future.
>
> **Mr. Deputy-Speaker**: Absolutely; the assurance is always there.
>
> **Shri A. M. Thomas (Ernakulam)**: Sir, Shri S. V. Ramaswamy, was not allowed to move his amendments by the Speaker.
>
> **Shri Bansal** (Jhajjar-Rewari): Yes, Sir, he was not allowed.
>
> **Shri S. S. More**: But you can make a gesture to the opposition.
>
> **Mr. Deputy-Speaker**: Shri S. V. Ramaswamy is not here now. Accepting an amendment he is in the hands of the House—if it is germane to the issue."

That is what you have stated at the end. So, where do we stand? Does the ruling of the Speaker stand or does your ruling stand?

Mr. Deputy-Speaker: There is no conflict. The hon. Member is a lawyer. The Chair always rules so as to be in consonance with its previous rulings on the subject. There is no conflict between that ruling and this ruling which the hon. Member has quoted. Let there be no misunderstanding about this. All that I said on that occasion was that if the Member is absent for unavoidable reasons, indulgence could be shown to him. If the Member had been present, he could have moved those amendments. Formerly we were adopting the chit system and the Chair could easily ask every hon. Member to move his amendment and every hon. Member got up in turn and said, 'I move', 'I move' and so on. Thus, a lot of time was spent. Thereafter, there was little or no chance for all hon. Members to participate on the particular amendments. In place of that procedure, an easier method was adopted. But whoever is not willing to adopt the present method, can get up and say that he wants to move. But he must be present in the House!

Regarding Shri Ramaswamy's point, I thought that the Speaker's ruling was this: if any hon. Member could not be present, owing to unavoidable reasons, and if he presents himself later, the House can always make an exception in his favour. But I do not know if a Member is entitled to any indulgence if a Member, who could have been present and moved the amendments, is not present in the House.

Shri S. V. Ramaswamy: My case goes even beyond that.

Mr. Deputy-Speaker: Further, I am not going into what happened that day. That cannot be made a point of order now. A point of order, in the real sense of the term, is one which will prevent further progress of the proceedings of the House. It is not that, on this matter, I decided one way and he wants a decision the other way. Anyway, I have heard him. I say, that hon. Members who are here, must continue to be here, when they want to move their amendments. Of course, the Chair has always got the right to decide, in exceptional circumstances when the Member is absent for unavoidable reasons, that his amendments could be moved on his return. There is nothing personal in this matter—Ramaswamy or Kamath.

Shri S. S. More (Sholapur): Then God save Shri S. V. Ramaswamy.

Mr. Deputy-Speaker: Hon. Member sometimes makes a statement the implications of which he does not understand. It is not that everything is a joke.

Shri Asoka Mehta: In consultation with some of the Members on this side, I have this proposal to make, namely, that we divide these clauses into three groups: clauses 145 to 196—1½ hours; clauses 197 to 207—5 hours; and clauses 208 to 250—2½ hours. These timings will begin from now onwards

Mr. Deputy-Speaker: Is it agreed?

Shri Asoka Mehta: This side of the House has agreed to it.

Shri C. C. Shah (Gohilwad-Sorath): I think that five hours for the second group is rather too much. Two hours for the last group is rather too short. I was suggesting that we will have two groups: clauses 145 to 206—five hours; and for clauses 207 to 250, we may give four hours. That will be more convenient. I think.

Shri Bansal (Jhajjar-Rewari): I agree with Shri C. C. Shah. Five hours should be given for clauses 145 to 206.

Shri C. C. Shah: As the first group of clauses will include the important clauses, 175 and 197, and that group can be given five hours. Four hours may be given to the next group which will include the clauses relating to accounts, audit and inspection.

Shri K. K. Basu (Diamond Harbour): Why do you put 145 to 206 together? In fact, clause 197 is quite different. Clauses 145 and 197 are completely different.

Dr. Krishnaswami (Kancheepuram): I think clauses 197 to 207 deal with the most important set of clauses, and so five hours is just adequate for us to have a full discussion upon them. Clauses 145 to 196 are not so important, juding by the amendments that have been tabled. It is likely that there will be a longer discussion on clauses 197 to 207.

Shri C. C. Shah: The only important clause in that group is clause 197. You should not give really five hours for one clause.

Dr. Krishnaswami: No, there are several important clauses in that group.

Shri C. C. Shah: I don't see any other important clause there.

Dr. Krishnaswami: I shall explain when I obtain opportunity to speak.

Mr. Deputy-Speaker: Clauses 145 to 196 deal with annual returns, registers, etc.

Shri Tulsidas (Mehsana West): I agree with Shri Asoka Mehta that the first group, clauses 145 to 196, should have 1½ hours; clauses 197 to 207, five hours and the balance, 2½ hours.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): I think two groups will be quite all right.

Shri K. K. Basu: You have three Ministers, and so, why two groups only?

Shri M. C. Shah: There are two Ministers only.

Shri K. K. Basu: There is one more: you have pushed him out of the House.

Mr. Deputy-Speaker: So, we will have these clauses divided into three groups, as desired by Shri Asoka Mehta. What is the harm? We are not increasing the total number of hours.

Shri M. C. Shah: The total number is also too much.

Mr. Deputy-Speaker: It all depends on the hon. Members who speak and the clauses on which they speak. Let us have 1½ hours for clauses 145 to

196; five hours for clauses 197 to 207; and 2½ hours for clauses 208 to 250. After all, this is not too rigid a time. If some time more is necessary, we may slightly encroach upon the other group. Let us, therefore, accept this timing which has been given by Shri Asoka Mehta. They think that the amendments on these clauses, with these groups, are most important for them, and therefore, they think this grouping will be convenient. Let us have that.

Shri C. C. Shah: One and a half hours for the first group is too short.

Mr. Deputy-Speaker: Perhaps two hours will be all right.

Shri K. K. Basu: We shall accept these timings as proposed by the Chair just now, and proceed, instead of wasting more time on the allotment. We can know if any more adjustment would be necessary, in the course of the debate.

Mr. Deputy-Speaker: Nobody says that the last group is so important. Instead of one and a half hours for the first group, let us have two hours. So, we will allot two hours for group one, that is, clauses 145 to 196; five hours for the second group that is, clauses 197 to 207; and two hours for the last or the third group, that is, clauses 208 to 250.

Clauses 145 to 196.

The Minister of Finance (Shri C. D. Deshmukh): My amendments to clauses 145 to 196 are :

Amendment No. 316 to clause 145, amendment No. 280 to clause 173, amendment No. 306 to clause 175 and amendment No. 469 to clause 187.

In regard to the first amendment, the object is to bring the language of the latter part of sub-clause (4) into line with that in the first portion of that sub-clause. The words "if default is made" having been substituted for the words "if a company carries on business" which occur in existing section 72(4), it is necessary to make a similar substitution for the words "during which it so carries on business" in the latter part. That is just a drafting improvement.

As regards amendment No. 280 to clause 173, this seeks to transpose the provisions now found in Table A to Schedule I, article 49, to the body of the Bill. The provisions aforesaid may be said to be inconsistent with clause 173 and consequently to be *ultra vires*. This was clearly not the intention of the Joint Committee which accepted both clause 173 and article 49. The amendment is intended to remove all legal difficulties and to carry out the Joint Committee's intention.

As regards amendment No. 306, it is considered that both in a private company and in a public company, proxies should stand on the same footing, so far as the right to speak is concerned. That is to say, neither a proxy appointed by a member of a public company nor a proxy appointed by a member of a private company should have the right to speak at the meeting. The fear has been expressed in many quarters that the provision for empowering a proxy to speak at the meeting of a private company might lead to trouble where there is a conflict between the members of the company. In such cases, with a view to causing embarrassment to the rest, a member of a private company may authorise some very undesirable person to attend the meeting and create the maximum amount of disturbance possible. It is to avoid that that we are bringing it on a par with a public company.

The last amendment is to clause 187—amendment No. 469. This amendment is considered necessary to protect the interests of the banking company. The Board of Directors is the best judge in such matters and therefore a discretion has been conferred upon it not to circulate the statement, if the circulation is likely to injure the interests of the company. It may be noted that this

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applies only to the statement and not to the resolution.

Shri Ramachandra Reddi (Nellore): Should we send chits now giving the numbers of amendments to the entire group of clauses 145 to 250?

Mr. Deputy-Speaker: It does not matter. We are now in the first group of clauses 145 to 196 and a couple of hours have been allotted for it. We will carry on with this group and in the meanwhile chits may be passed on. Hon. Members need not exhaust all the amendments now. Let them confine themselves to amendments to clauses 145 to 196. Afterwards ,while other hon. Members are speaking, they may send the chits for the other groups.

We are now on the first group. I think the discussion started at 12-30.

Some Hon. Members: 12-40.

Mr. Deputy-Speaker: All right, let it be 12-40.

Shri Sadhan Gupta (Calcutta South-East): In this group we have given notice of as many as 34 amendments to be moved; yet, the central amendment is only one and the principle which we seek to introduce through the medium of these amendments is the principle of employees' participation in the affairs of the company. This is not a revolutionary thing which we are presenting here. This particular thing has been on the agenda in this country for a very long time. Even before the socialistic pattern was advertised, even since the attainment of independence, ministers and leaders have been repeatedly proclaiming that our objective is that labour and capital should be in partnership. That labour is a partner in industrial ventures is the ideal that is alleged to have inspired us. From 1947, onwards this is being canvassed and I am doing nothing more than to try and translate it into concrete practice through the medium of the Companies Bill. After all, the joint-stock company is the commonest form of economic enterprise in this country and unless you give employees the right to participate in the affairs of the company, all talk of partnership of employees with capital—in industrial enterprise—is mere moonshine. What I have done is to try to introduce the participation of the employees to the extent of 25 per cent. You know our views on this side of the House. We certainly think that employees deserve a much greater extent of participation and we hold the view that employees....

Mr. Deputy-Speaker: Is the hon. Member speaking, on any amendment and if so to what clause? I am not able to follow as to how this arises. The substantive motion that the employees also should be partners in the industry and then become members may be a nice thing, but under what clause does it arise?

Shri Sadhan Gupta: I have added a new clause—164A.

Mr. Deputy-Speaker: Is it in reference to clause 164? It may arise elsewhere, but how does that arise in this group?

Shri Sadhan Gupta: The scheme is this. The provisions of general meetings are there, who are entitled to participate in general meetings and all that. All these things come in this group. By the new clause 164A, I have sought to introduce the scheme by which employees will elect their own delegates and these delegates will participate in the general meetings on a footing equal to that of members. That is how I wish to introduce employees' participation and I submit there is nothing wrong in that.

Shri S. S. More: What is the number of your amendment?

Shri Sadhan Gupta: 458.

Mr. Deputy-Speaker: I think it may come under shares, and shareholders. How does it arise here under this clause? We cannot introduce it anywhere. There is a scheme in the Act.

Shri K. K. Basu: This clause deals with persons who are entitled to attend the meetings.

Mr. Deputy-Speaker: Shareholders.

Shri K. K. Basu: Here we want to specifically say that apart from the shareholders, the employees are entitled to attend. We have given a definite scheme. These people can attend general meetings. A register is to be kept. When coming to directors, we will move an amendment for the election of directors on their behalf. Unless we have a complete scheme here and now, we cannot move an amendment there. It is no use merely saying that the employees shall elect a director.

Mr. Deputy-Speaker: The meeting can be attended by all the employees?

Shri K. K. Basu: Here is a scheme for the election of delegates, etc.

Mr. Deputy-Speaker: I do not say that so far as the company law is concerned, it is wrong to suggest the insertion in the proper place that not only those who have subscribed the capital, but others also who make *shramdan* and contribute to the production should also come in. Without them nothing can go on. All that is now relevant is whether it is relevant in this group of clauses. That is what I am concerned with.

Shri Sadhan Gupta: For this reason, some scheme has to be worked out by which the employees can participate. The plenum of a company so to say is the general body meeting. This clause deals with the general meeting. If the employees have to participate in the general meeting, some scheme has to be evolved for that. We may say that the employees as a whole can participate in the meeting. That would be a unworkable proposition for many companies. The scheme that I have suggested is that the employees should elect a number of delegates who will participate in the general meeting. Consequential amendments have been suggested in most of the other clauses in order to give the employees' delegates the same rights as the rights given to the members. I do not see that we can provide for it in any other way. If we accept employees' participation, if we accept the fundamental proposition that we have a right in the organisation of a company to provide for employees' participation, and if we accept the proposition that in this Act, it may be done because this Act deals with the organisation and management of joint stock companies, I would submit that this is the best place to provide for that.

Shri S. S. More: May I know whether there is any amendment to clause 164?

Shri Sadhan Gupta: Yes.

Shri S. S. More: Just a minute, please. Because, it says, "....from the date at which the company is entitled to commence business, hold a general meeting of the members of the company......"

Shri K. K. Basu: Please read our amendment.

Shri Sadhan Gupta: Amendment No. 458 is to clause 164.

There are amendments 456, 457 and others also.

Shri K. K. Basu: No. 454 onwards.

Shri Sadhan Gupta: Amendments 456, 457 and 494 are also for clause 164.

Mr. Deputy-Speaker: Members of a company: this is defined in clause 2 (27). Either he must be a member of a company or, notwithstanding the fact that he is not a member, he can attend, in which case, sub-clause (1) of clause 164 will have to be amended; not only members of the company but also employees of the company.

Shri Sadhan Gupta: That is the amendment. Consequential amendments also have been tabled.

Mr. Deputy-Speaker: The hon. Member may go on.

Shri K. K. Basu: From clause 164 onwards, we have given the entire scheme.

Shri Sadhan Gupta: The entire group of clauses up to clause 195 have to be modified. We have introduced these words 'employees' delegates'. As I was saying, the central principle......

Mr. Deputy-Speaker: The general principle has been dealt with at length that the employees also should not only be in the directorate, but also become members. Any details may be referred to by the hon. Member.

Shri Sadhan Gupta: That is why I have introduced clause 164A which says:

> "(1) The employees of the company who are workmen within the meaning of the Industrial Disputes Act, 1947 (XIV of 1947) shall be entitled to elect by secret ballot from among themselves a number of employees' delegates equal to one fourth of the total number of members of the company.
>
> (2) The election referred to in sub-section (1) shall be held not later than one month prior to the date of the statutory meeting or the annual general meeting as the case may be.
>
> (3) The company shall afford all reasonable facilities to the employees to elect employees' delegates under this section.
>
> (4) If any company contravenes the provisions of sub-section (3), such company shall be punishable with fine which may extend to five hundred rupees for each day on which the contravention is made or continues; and every officer who is in default shall be punishable with imprisonment which may extend to six months or with fine which may extend to one hundred rupees for each such day.
>
> (5) The employees' delegates in the aggregate shall have a number of votes equal to one fourth of the total voting power computed by excluding the employees' delegates, and each employees' delegate shall be entitled to cast as many votes on a poll as would be determined by dividing the aggregate number of votes exercisable by employees' delegates by the number of the employees' delegates elected.
>
> (6) Every employees' delegate shall be entitled to participate and vote—
>
> (a) where he is elected before a statutory meeting, in every general meeting between the statutory meeting and the next annual general meeting; and
>
> (b) where he is elected before an annual general meeting, in every general meeting held before the next annual general meeting.
>
> (7) For the purpose of enabling the employees to elect the employees' delegates, the company shall, in consultation with the employees entitled to elect employees' delegates and in the prescribed manner prepare, not later than three months prior to the annual general meeting in respect of which the election is to be held, an electoral roll containing the names and addresses of the employees entitled to elect employees' delegates and demarcate the constituencies for the purpose of the election.
>
> (8) On the application of any employee entitled to elect an employees' delegate, any civil court, exercising original jurisdiction in the place where such employee is employed may make such additions and alterations in the electoral roll as it may consider just and fair.
>
> (9) On the application of any such employee, any civil court, exercising original jurisdiction in

the place where the company has its registered office, may make such addition or alteration in the demarcation of constituencies as may appear to be just and fair.

(10) The annual general meeting shall not be held pending the decision of the civil court under sub-section (8) or sub-section (9) as the case may be."

This is the scheme by which we seek to ensure the participation of the employees in the affairs of a company. In pursuance of the scheme, many amendments have been made to other relevant clauses. We do not say that we may not have omitted one or the other; but as far as we have been able to see, we have secured that in every clause consequential amendments have been made. For example, a register of employees' delegates has been provided for by amendment No. 454; an index has been provided for by amendment No. 455, and so on and so forth. Regarding the sending of notices, regarding the demand for poll, regarding everything that a member can do, the employees' delegates have been given the corresponding right.

As I was submitting, it is not a new thing, not a revolutionary thing that we are propounding. It has been on the agenda. Even the figure 25 per cent. which we have proposed here has, I think, been mooted by the Labour Minister, as far as I remember and I think even the I.N.T.U.C. agrees that 25 per cent. is not unreasonable. Although we on this side hold that the employees deserve much greater participation,—they certainly deserve a much greater participation— than ordinary members who only hold shares, yet, in order to pursue the line of least resistance and with the realisation that we cannot have all our own way in the social structure, we have proposed the figure 25 per cent. for their participation. This 25 per cent. is both as regards the number which the employees are entitled to elect—the proposal is that they should elect only 25 per cent. of the number of members—and also as regards the voting power of the employees' delegates. The aggregate voting power is 25 per cent. of the voting power.

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There may be imperfection in the amendment, I agree. This amendment was drafted in a hurry in order to be in time for submitting it, and therefore there may be some imperfections, but if the Government adopts a constructive attitude, there is no reason why we cannot put our heads together and make it perfect. As it is we have put in amendments to almost all the clauses and I hold that a workable scheme has been presented before the House through the medium of these amendments.

Although I say it is reasonable, I have not much hope of the amendment being accepted. Although spokesmen of the Government have often proclaimed that they are for partnership of labour in industrial and commercial ventures, yet unfortunately when we try to secure this partnership by concrete steps, we meet with resistance in a very indirect way, by the raising of all kinds of either technical objections or objections as to inopportuneness of the moment and all that, but the fact is that resistance comes. Now, we had the very sorry spectacle at the time of the consideration of the State Bank Bill when the Finance Minister had resisted our move to introduce employees' participation with excuses which would convince nobody. He says this should not be done in a hurry. He did not want to be hustled into it and all that. As I have shown here there is no hurry involved, there is no hustling involved. The principles are accepted, the only thing is to put them into practice. I submit my amendments are an invitation as well as a challenge to the Government. It is an invitation to justify their professions about the socialistic pattern of society. Surely there cannot be any socialistic pattern without the employees' participation in the affairs of industry. And what we have proposed is certainly not socialism. It is certainly what,

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within the framework of capitalism, is thought to be reasonable. If they accept this invitation, the Government will earn the gratitude of the country. But I do not have any illusions that they will accept this invitation. Therefore, I think it is a challenge to the Government to justify their profession which they have repeatedly made and to prove to the people of the country the sincerity of the claim that they are for employees' participation.

With these words, I commend my amendments to the acceptance of the House.

Shri Tulsidas: I have an amendment No. 191 to clause 161.

You will remember, Sir, that when clause 7 was passed, I was told that I should point out particular difficulties of the phrase "person in accordance with whose directions or instructions directors are accustomed to act". Here is one difficulty which I would like to point to the hon. Minister in clause 161.

This clause is a penalty clause, and it is with regard to the annual return to be made by a company to the Registrar. The Company Law Committee have recommended the inclusion of this phrase specially in one instance only, namely in the case of loans to directors. In this case, the Company Law Committee have said that the provision regarding restrictions of loans to its directors by a company should be extended to other persons who are accustomed to act in accordance with the directions or intructions of the directors. I can understand the reasoning behind this extension when a restriction is imposed. Such an extension may be justified as closing a loophole as preventing the directors from circumventing the Law in this regard, but I fail to understand the logic behind the inclusion of the phrase in the present instance.

As I said earlier, the Company Law Committee have not specifically recommended its inclusion, though they did suggest that the corresponding United Kingdom section should be incorporated in our Act. What I object to is the general tendency of our lawmakers to copy blindly whatever exists in the United Kingdom Act. Sub-clause (1) of clause 161 is enough. I do not understand why this clause includes in regard to this filing of annual return sub-clause (2) which says that the expressions "officer" and "director" shall include any person in accordance with whose directions or instructions the Board of directions of the company is accustomed to act. I do not see any reason why this particular thing has been added as sub-clause (2) and further responsibilities thrown on the officers, stating that every officer of the company who is in default will be penalised. In regard to annual returns I do not know who is the further person who is going to tell them not to file the returns, and if the officer of the company listens to such instructions not to file the returns, then the affairs of the company must be pretty bad and anyone can raise the issue. I do not understand how this sub-clause (2) in clause 161 has any logic behind it. That is what I fail to understand. In my opinion, the inclusion of this phrase has enunciated a new principle, a new precedent for company law. It extends the jurisdiction of company law to a category of persons which is normally not concerned with the formation or management of companies. It seeks to give an extraneous jurisdiction to company law. I do not know where this extending of the company law jurisdiction by inclusion of associates and of persons in accordance with whose directions or instructions directors are accustomed to act will end. The present clause is one instance of this extension, and an unjustified extension at that. If any body is or has to be made liable surely it should be enough to penalise the officers which by sub-clause (30) of clause 2 includes any director, managing agent, secretaries and treasurers, manager or secretary. Why should officers be made liable who will not come under the category of "officer of the company"? I would therefore request the hon. Minister to consider this question and drop this sub-clause (2).

Now, I would come to my amendments 192 and 193 to clause 175. This is about the question of proxy. I must congratulate the Finance Minister for putting his amendment No. 306. It has now more or less taken out the sting from the provisions which had been made by the Joint Committee.

Shri Asoka Mehta: Bhabha Committee.

Shri Tulsidas: Not Bhabha Committee. The Joint Committee made this particular provision.

I would like him to consider one other aspect. I fully appreciate the point of inclusion of the non-members to get the proxy in a public company and not to speak. But even the presence of a person who is not a member of a company who obtains proxies from members who cannot attend these meetings, may sometimes create situations which may not be in the interests of the company. After all, if a person is interested in the affairs of a company, he can always become a member of the company. Why should he remain a non-member of the company, not buying shares but obtaining proxies? I can understand a member obtaining a proxy of other members. But here, a non-member is also allowed to obtain proxies, and attend the meeting and vote there. I hope you appreciate the point I am making. I do not suppose any non-Member can enter this House, getting a proxy for a Member, and ask questions here.

Shri K. K. Basu: There is no proxy for Members. If the Member is absent, he loses Rs. 21 per day.

Shri Tulsidas: Supposing I have tabled a question in my name, I can give authority to my hon. friend Shri K. K. Basu to put the question on behalf of myself, and he acts as a proxy for me. But then this proxy is confined only to a Member and does not extend to a non-Member.

Similarly, even in an ordinary club, only a member can introduce a non-member, and a non-member cannot introduce anybody. So, I do not understand this logic of having a non-member to get proxy and to vote. I know that there is some provision like that perhaps in the U.K. Act. But I do feel that the hon. Finance Minister will consider this point, because as he knows very well, a number of professional mischiefmongers will be able to utilise this provision to create trouble against the normal working of the company. After all, proxies can be obtained of a member who has got five shares, or any amount of shares, and if he has got a case to put up against something bad in the management or something which has gone wrong, he can always...

Shri C. D. Deshmukh: How does a mute non-member create a disturbance?

Shri K. K. Basu: He can throw something.

Shri Tulsidas: He can always give a proxy to a member who is not a mute.

Shri C. D. Deshmukh: What is the logical connection between non-membership and the capacity to create disturbance?

Shri Tulsidas: My point is this. The hon. Finance Minister knows very well—and I think he has the full experience—that people who are mischief-mongers professionally and who live on that day to day can become members of the company by buying one or two shares. Under the present scheme of things, if the board of directors find that a particular person is not desirable to become a member and on that ground refuse membership to him or refuse transfer in his name, then he would have the right to appeal to Government, and Government will decide the issue on its merits. Even if Government decides on merits that

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the refusal to transfer was proper in the interests of the company, still he can create trouble by getting this proxy.

Shri N. P. Nathwani (Sorath): But how? He merely gets the right to vote at the meeting.

Shri Tulsidas: As I said from the very beginning, this will result in the bringing in of a number of mischief-mongers, which is not advisable in the interests of the company. That is my feeling. I think that in the interests of sound company management, this provision is not desirable. Anyway, I leave it to the hon. Finance Minister. If he still feels that he should have this particular provision, let him have it. But I personally feel that it will come in the way of the normal working of the company. This is what I would like to point to him.

Shri C. C. Shah: I should like to a few observations on amendments Nos. 192 and 193 which my hon. friend Shri Tulsidas has just now moved to clause 175 of the Bill. Clause 173 authorises a member of a company to give a proxy to a non-member. It is relevant to know the reasons which led both the Cohen Committee in England and the Bhabha Committee in India to make that recommendation. I can do no better than read a passage from the Cohen Committee, which very briefly but very illuminatingly gives the reasons. On page 82 of the Cohen Committee's report, this is what we find:

> "It is often difficult for a shareholder in the short period available to him to find among his fellow shareholders a suitable proxy who shares his views on the resolutions to be considered at the meeting, and who is prepared to attend the meeting. He may not know even the names of his fellow shareholders. He may be far from either the registered office of the company or the office of the registrar of companies, the only two places at which the information containing the register of members is available, and even if he has time to consult the register, he may, owing to the existence of nominee holdings, learn later about the identity of his fellow shareholders. In any event, he may feel that a professional adviser who may not be a fellow shareholder would be the most suitable person to represent him. To help the shareholder in these difficulties, we recommend that it should be laid down by statute so as to override any contrary provision in the articles of association of a company, that a shareholder of any company other than a company limited by guarantee and having no share capital may appoint as his proxy anyone whom he chooses, whether a shareholder in the company or not."

I want to draw the attention of my hon. friend to the sentence that follows, namely:

> "We think that such proxies should be entitled to speak as well as vote; if not, the right loses a great deal of its value. Moreover, in the absence of such a provision, namely the right to speak, the chairman would experience great difficulty in the conduct of the meeting."

That was the considered recommendation of the Cohen Committee. That was embodied in section 136 of the English Act. But there the change which they made was that so far as public companies were concerned, they gave the non-member a right to attend and vote, whereas in private companies they gave the non-member a right also to speak. The reason was obvious. In public companies, you may be able to find some member of the company who will know your views and would be able to share your views, and therefore can speak on your behalf, or you may be able to find out at least a non-member. But in private companies, it is very difficult to get a member, particularly when you are opposing the views of the majority group or the group which is in power, to attend that meeting and to oppose the resolution proposed to be moved by the dominant group. Therefore, if the proxy is to be effective, the right to speak must be given at least in a private company. For, in a private company, it is a sort of family group. Supposing a member of a private company dies, and the shares are inherited by the widow who becomes a member or by his daughter or daughter-in-law, and the dominant group exploits the company for its own purposes, it would be very difficult for such a member to get another member of that private company to attend the meeting and oppose the resolution proposed to be moved. Such a widow or a daughter-in-law or any other such member can get only his or her professional adviser to attend and represent his or her views at the meeting. Therefore, in a private company, it is all the more necessary that a non-member proxy attending such a meeting should be given a right to speak. That was the reason why section 136 in the English Act gave that power: and the Bhabha Committee also in para 77 of their report endorsed the views of the Cohen Committee and recommended that it should be so. Now, the Joint Committee have embodied it in clause 175.

Government have now moved an amendment which takes away the right of a non-member proxy at a private meeting to speak. It is possible—I do not dispute—that at such private meetings a non-member attending may at times be able to create some trouble. These considerations may have weighed much stronger with the Government than the other considerations which I have mentioned, of the necessity of a non-member proxy at a meeting of a private company being permitted to speak, and the Government have gone a very long way in meeting the views of my hon. friends like Shri Tulsidas, to obviate any possible difficulty which may arise out of a non-member being a proxy at a meeting of a public or private company. I thought that my hon. friend would have been content with the amendment moved by the Government.

Shri Asoka Mehta: Is he supporting the Government amendment?

Shri C. C. Shah: I am not opposing it.

Shri K. K. Basu: We know he will not oppose at the time of voting, but now what is his view?

Shri C. C. Shah: I am putting before you the considerations which would weigh with me, for example, in considering such an amendment. On the one hand, there are reasons which can legitimately be adduced to support the view that in a private company, which is a sort of a family firm, a non-member should not be allowed to come. On the other, as I said, there is all the greater reason why a non-member proxy should be permitted to speak in a meeting of a private company, because it is very difficult to get a member proxy who will do the job. And, therefore, between these two considerations, if Government have thought it necessary, at this stage, even after the Joint Committee has submitted its report, to move this amendment, I am not opposing it. But what I am pointing out to my hon. friend is that he need not pursue the policy of opposing everything which the Joint Committee has done, but may be content sometimes with what Government do to meet the points of view which he is representing.

Shri C. R. Iyyunni (Trichur): I have also an amendment to clause 175, amendment No. 491. The view that I adopt is exactly the view that is adopted by my hon. friend who spoke before me. With regard to companies, and particularly with regard to banks, my impression is that if a foreigner is allowed to be made a proxy, it will create a lot of complications. I know of many banks......

Shri Bansal: Foreigner or outsider?

Shri C. R. Iyyunni: Foreigner, as district from a member—that is what I mean. He is a foreigner in the sense that he has absolutely nothing to do with the company or any other institution. It is said that a foreign element is introduced into a general meeting where so many things will be discussed. I can understand if that proxy who is allowed to attend that meeting is allowed a chance to have his say. Then there will be some meaning; otherwise, where is the meaning in it? The simple point is that he is allowed to vote. For the matter of that, anybody else can go and give his vote. That would not make any difference. If the Joint Committee or, for the matter of that, Government are inclined to give that power to a person who is not a member of the company to go and make his representation on behalf of the member of that company, I can perfectly understand it. That is all right. There may be occasions when that is necessary. Now, Government do not want to do that. Government want simply to say: 'Of course, you can have people from outside who are not members of the company or members of the bank and so on'. But they are not quite confident whether the step that they are going to take will be advantageous or disadvantageous to the company. Let them make up their mind one way or the other. Let them decide whether they would allow a person who has absolutely nothing to do with a company to go and make representations on behalf of the person who is either illiterate or who knows nothing about these matters. With regard to private companies, I can understand it; it is perfectly all right. But as regards others, the difficulty will be this. In every company, there will be some little irregularies. The new element which is introduced will be able to magnify those irregularities to such an extent that it will be impossible for the other people to carry on. A proxy, who is a *vakil* or advocate, goes there and creates all sorts of confusion in the general meeting; that will have a bad reflection upon the actual management of the company. Therefore, my feeling is that it is not quite proper that a foreign element should be introduced into a company where there is no foreign element. If, as a matter of fact, they have got any complaint, there are various methods which can be adopted for getting the mistakes rectified. The aggrieved party can put in a petition to the inspector or some body else or the Government. Government will institute an inquiry into the matter, provided the conditions attached are fulfilled. If there is actual mismanagement of the company, the Government may be approached, or the Registrar may be approached. They will take steps with regard to the matter. I am saying this because I am also connected with a number of banking institutions and I am perfectly confident that the procedure that is now envisaged will create a lot of difficulties.

There is one other matter—with regard to the question of poll. It is said that if a poll is to be taken, the chairman who is presiding at the meeting, can say that it may be taken within forty-eight hours from the time the demand was made. Especially in places which are not big towns or cities, it will be difficult for people to go and gather things within forty-eight hours, as is stated here. What I would suggest is that the poll may be taken within four hours from the time the demand is made, as the chairman may direct, and before the meeting is terminated. If the poll is allowed to be taken under such conditions, it will be perfectly all right.

The third amendment that I have is with regard to scrutineers. Here it is said:

> "Where a poll is to be taken, the chairman of the meeting *shall* appoint two scrutineers to scrutinise the votes...."

Suppose the chairman thinks that there is no need to appoint scrutineers Taking a poll may not be a very serious matter; there may be only a limited number of people. Why should there be this 'shall'? If necessary, they may be appointed. So what I say is that the word 'shall' may be replaced by the word 'may'.

These are the matters to which I wanted to draw attention. There are a few consequential amendments also, for example, the insertion of "if appointed" after "office" in page 92, line 2, and so on.

Shri Asoka Mehta: I want to oppose some of the amendments that have been moved. I would like to oppose the amendments that have been moved by my friend, Shri Tulsidas, the amendment moved by the Finance Minister, amendment No. 306, and the amendment that has been moved by my friend, Shri Sadhan Gupta.

I would not have taken the time of the House in opposing the amendment that has been moved by the Finance Minister, if my friend, Shri C. C. Shah, had done the work for me. But I find that even after ably pointing out the reasons why the recommendations of the Cohen Committee and the Bhabha Committee should be accepted and incorporated in the measure under discussion, he ended up by saying that he merely wanted to point out the two sides of the question. I am not aware of the other side of this question, and I failed to find out from the observations made by Shri C. C. Shah, as to what the other side of the picture is.

This particular measure is going to have a large number of salutary provisions. But the private companies are excluded from the operation of these salutary provisions to a considerable extent. I have no desire just now to give you a long list of these provisions. Perhaps that can be done on a later occasion. But the fact remains—and I am sure the Finance Minister will be only too ready and willing to accept it—that the whole battery of this measure will not be directed against private companies.

As my friend, Shri C. C. Shah pointed out the very position of the private companies makes it necessary that in case of a proxy not only the proxy should have the right to vote but also the right to speak. The reasons have been very cogently put forward by the Cohen Committee and endorsed by the Bhabha Committee. That is the reason why the Joint Committee had accepted that provision. I do not know why the Finance Minister wants to go back upon a recommendation of the Joint Committee. I have not been able to find out from the observations he made as to what new developments have taken place, what is the new unfolding of the situation which has confronted him that has led him to change the provision or the recommendation made by the Joint Committee based on the authority of the recommendations of the Cohen Committee and of the Bhabha Committee.

As I oppose the amendment moved by the Finance Minister, I oppose all the more the amendments that have been moved by my friend Shri Tulsidas Kilachand. But, I need not take the time of the House in refuting his amendments because I am sure the Finance Minister will do that.

I am sorry to have to oppose the amendments moved by my friend Shri Sadhan Gupta. I am as much wedded to the idea of the workers participating in industry as he is. But, this question has to be considered in its proper perspective. Workers' participation has been conceived of in two forms so far. In Yugoslavia, it is workers' management as a whole. In Russia also, workers' management where the totality of management was handed over to the workers, was tried. I find from this recent publication, *Management of the Industrial Firm in the USSR*, that this experiment was tried and given up:

> "However, this type of participation died stillborn. It had been begun by a few leading firms of Moscow and then of Leningrad. But in early 1935, at what seems to have been the height of the movement, there were only 11,839 production workers also fulfilling tasks in State administration. By

[Shri Asoka Mehta]

> the end of 1936, there were no more than 7,000 to 8,000 such people. Little attention had been given to the movement by the trade unions. I have not seen the movement mentioned again after 1936".

The Yugoslav experiment is interesting.

Mr. Deputy-Speaker: After 1936, what is the management?

Shri Asoka Mehta: That is all discussed in the book and I shall come to it a little later.

As far as the total management being handed over to the workers is concerned, this is being tried in Yugoslavia. But that is not relevant to the Companies Bill. It is obvious that that kind of organisation is excluded from the discussions now. What is now being discussed is the workers' participation in management. Workers' participation has usually meant giving the workers' representation on the board of directors. You will remember that on a previous occasion, I had pointed out the limits that exist in Germany in giving co-determination rights to workers' in Germany. There is a Council of Supervision. It is found that the council consists of half of the members elected by the shareholders and the other half elected by workers. But the two halves are completely kept distinct. Here what his amendment seeks to do is to intertwine the two into one. They want to endow the workers with some of the rights enjoyed by the shareholders. In the scheme of the Bill the employees will have opportunities of becoming shareholders in their own rights. I believe, if I am not wrong, the Bill contemplates loans being given to the employees to enable them to buy shares of the company so that the employees may also come forward as shareholders. The conditions in which the shareholders view the affairs of the company and the conditions in which the employees view the affairs of the company are not always the same. They are dissimilar. Sometimes they even come into conflict. It will be possible for a person who is an employee to be a shareholder and to represent the interests of the shareholders in a share-holders' meeting. But it will be very very difficult to bring together in a single meeting the shareholders and employees and to put them on a par. The workers can be given a share and on that the Finance Minister gave a very sympathetic reply the other day. They can be given a share in the management by giving them representation in the board of directors.

The second question is how much, what voice or what share is to be given to the workers in the management. I find that in the USSR this question has been gone into thoroughly. With your permission I would like to read a very brief paragraph:

> "What have the Soviets meant by 'mass participation' in Industry? Basically, they have viewed it as being expressed in four forms. One of these is supervision by the employees in a firm over the work of the management, and their strict criticism of all its deficiencies. A second is the offering of suggestions—particularly through employees conferences. A third is the direct performance of administrative tasks by workers who do this in addition to their regular work. Finally, and as important as any of the other three forms is the movement upward of rank-and-file workers into posts in management and into leading positions in Party and tradeunion organisations."

Further on, it is pointed out that even in factories where there are a large number of employees only a limited number of employees have actually participated in these conferences or have been able to make any distinctive contribution. The other three suggestions that have been made can be worked out if the board of directors so desire. So long as the workers have an opportunity of having representation on the board of directors or so long as the industrial relations are worked out in a manner where they would have an opportunity in participating in the management, I do not know what would be gained by inviting the representatives of the workers to participate in the shareholders' meeting. That would create some kind of confusion of functions. The functions of the employee and the functions of the shareholder are different and they should be kept apart. I find that Shri Sadhan Gupta is trying to bring about a state of affairs where the employees will also become shareholders in their own rights and also have the rights of shareholders without becoming shareholders. It will be somewhat an anomalous situation and far from helping workers' participation it might create further difficulties in working out the projects that we have in view. He is not here; but I would have liked to know from him if in any country in the world this kind of arrangement has been worked out. In a matter like this, as was rightly pointed out by the Finance Minister last time, we have got to move forward with a certain amount of caution. Participation of workers at the higher level may be a very desirable thing. But participation at the lower levels has got to be worked out with full care and full deliberation. I, therefore, feel that this kind of intertwining between shareholders and the employees that is being suggested may prove to be a leap in the dark and we should, therefore, not embark upon such an experiment. It has not been tried anywhere in the world. We should begin with introducing the element of workers' participation in the manner in which it has been done in other countries such as Western Germany or even in the Soviet Union in the limited sense or in the framework in which I read out to you just now. Therefore, for that reason, I am constrained to say—though I am in full sympathy with the object of workers' participation in the management of the industry—that I find that the suggestions that have been made are not only not helpful but are likely to create impediments in the path of this very desirable objective which we have in view.

Shri Bansal: I rise to support the amendment of the hon. Finance Minister on the clause relating to proxies. My friend, Shri Asoka Mehta, just now said that the Bhabha Committee gave very cogent arguments.

Shri Asoka Mehta: I said Cohen Committee.

Shri Bansal: Then he also said that the same arguments have been ably supported by the Bhabha Committee. I was just now going through paragraph 77 of the Bhabha Committee and not a single argument has been advanced by them in favour of the demand that has been made by Shri Mehta that proxies other than shareholders should be allowed to speak in the meetings of a private company. No argument has been given here although they have just made their recommendation to that effect.

I come to the amendment of Shri Sadhan Gupta. I am glad that my hon. friend, Shri Asoka Mehta, has made it fashionable even to oppose workers' participation at some level or other. I will come to the participation at the higher level when we discuss the amendments which I think have already been moved and will be moved as regards the directors' clauses. But speaking on Shri Sadhan Gupta's amendment, I would like to say just one thing. This is a question on which naturally there is lot of sympathy in the country, but my attitude will be that the worker should be given an opportunity to become a shareholder in the company so that in his own right he has the right to participate in the management of the company. This can be done in two ways. One, as my hon. friend just now pointed out, has already been indicated, that is, perhaps if workers come forward and demand loans from the company for the purchase of shares, they would be given in future by the companies, and I would request the owners of companies, the managing agents, to

[Shri Bansal]

give such loans as freely as they can. There is another method also. As you know, during recent years, huge amounts of bonus have been paid to workers. It has been suggested again and again that instead of these amounts being paid in cash to workers, a system can be evolved whereby workers can be given shares in lieu of those bonuses. If workers are given shares in lieu of bonuses, they will automatically become shareholders to some extent in those companies, and by becoming shareholders, they will both have the responsibilities and the duties of the people who have a legitimate right in the companies. I think if this suggestion will find a favourable response in this House, the workers will reach their goal of having some share in the management of companies at all levels. They will have their right to manage at the shareholders' level, and if a comparatively large number of workers get the shares of the companies in this process, they will also be nominated to the board of directors through that process. I think the time has come when my friends, Shri Tripathi, Shri Asoka Mehta and leaders of workers will persuade the workers to take shares in lieu of bonus rather than take cash and fritter away the amount on their day to day requirements. This will develop a sense of thrift as well as their due place in the management of the companies. I do not have anything more to add.

Shri K. K. Basu: Is it the suggestion that the bonus granted by the Labour Tribunals should be issued as bonus shares or that the employers will be so kind as to give bonus shares to the workers? Often the bonuses are recognised as a matter of right and even so, the workers have to fight it out through the Labour Tribunals. What is the suggestion exactly?

Shri Bansal: Whatever bonus is paid to the workers, whether it is awarded by the Tribunal or given by the employers, should be given in the form of shares rather than in cash.

Shri K. P. Tripathi (Darrang): The suggestion has been made by Shri Bansal that the bonuses which the labour gets should be contributed by as shares so that they might become shareholders also. The suggestion is very interesting. I know of one case in which the company voluntarily agreed to give bonus in the shape of shares and the result has been that in the last five years the majority of the shares are held by the workers. I think it is possible, but the whole difficulty is that today in India, in all the industries workers are not getting a living wage. The bonus is supposed to be a bridge between the wage they are getting and the living wage. Obviously, when they get some amount as bonus for the purpose of bridging this gap, it is difficult to expect that they would utilise it for the purpose of investment. Generally they are expected to utilise it for the purpose of raising their standard of living and it is in this way that the employees live. Although this right may be given, I have no doubt that it will not be exercised because it cannot be exercised to any large extent under existing conditions. There may be individual stray cases in which it may be exercised.

The other point that strikes me is this. Recently the Government of India have announced their policy that they will permit capitalisation of reserves freely by the issue of bonus shares to shareholders. One thing that has struck me is that, according to the decisions of the Tribunals, it is only the distributed profits which determine the quantum of bonus. Therefore, if a company, instead of distributing the profits, capitalises it into reserves, then the workers are not entitled to bonus. If this is accepted as the policy of Government, then what the employers will do is to distribute only the minimum dividend and put the rest in the reserve, and next year they will issue bonus shares. The result will be that the same amount of money which they might have got as dividend will be given to them as bonus shares.

After having got the shares, they will sell them out because it becomes their private property. Even if they do not sell those shares, the company becomes over-capitalised and in that case part of that money will be spent for the purpose of floating further concerns. If it is invested in new concerns, then they will be entitled to further dividends. So, here is an unequal position. By the policy of the Government, the labour is deprived of bonus; of courss, the consumers also are deprived of their tar, but that is for the Government to decide. In the case of labour, if the Government decides so, then it should be made clear as to what will happen to the bonus. If I take the suggestion of my friend, I would say that the amount of shares, which would have gone to labour but which does not go to labour, should be given to the workers by the issue of bonus shares. That is a possible way. Anyway, Government has given due consideration to this because as soon as this policy is announced, I have no doubt that all over the country the bonus of the workers will shrink and it will start the controversy all over the country, for which we are not to blame but it will be the industry and the Government to blame.

Shri Bansal: May I know in which particular award only the distributed profits were taken into account in arriving at the quantum of bonus?

Shri K. P. Tripathi: Take for instance the Supreme Court's decision. In effect, it comes to the same thing.

Shri Bansal: No, it does not.

Shri K. P. Tripathi: The Tribunals always take into account the amount of money that is distributed as dividend.

Shri Bansal: I humbly suggest that that is not the case at all.

Shri K. P. Tripathi: We differ on this.

Shri Tulsidas But it is a question of fact.

Shri K. P. Tripathi: It is not a question of fact; it is a question of interpretation. This is the way in which bonus has been given in many concerns. Therefore, I am bringing to the notice of the Government pointedly this fact. If it is not a fact, then it is very good. Generally it is so adjusted that our bonuses depend upon the amount of profit distributed.

Shri Bansal: No, not at all.

Shri K. P. Tripathi: Anyway, we differ on the interpretation. I wish I am wrong; in that case I stand to gain.

With regard to the workers' participation at the directors' stage, I have also tabled amendment that workers should participate in the management. When that question comes I will have my say but the immediate question posed is about the participation at the shareholders' level. Shri Asoka Mehta has said that at this stage participation by workers would not be proper. One argument he has advanced is it had failed as an experiment in Russia. I do not agree with him that because it has failed in Russia it should fail here also. I humbly submit that the experiment was not properly tried in Russia. Therefore, I do not accept that argument. I agree with him that the stage has not yet come in India when the workers may be able to participate fruitfully at the shareholders' level. The reasons for that are obviously that the working classes today are not fully unionised. There are very few unions in which we have got more than fifty per cent. members. Secondly, most of the unions are divided on political ideologies.

Shri Bansal: You do not need such things for Shri Sadhan Gupta's amendment.

Shri K. P. Tripathi: Unless that is there it will be frustrated. There is the example of the works committees. They failed. One of the reasons why they failed is that the workers were not intelligent enough, educated enough or unionised enough. Unless the union

[Shri K. P. Tripathi]

is very strong and powerful the representatives who go there may betray them and may not express their viewpoint. There is no way in which the workers would be able to exercise a check. From all these points of view, I hold that the time has not come to enable the workers to profitably participate in the directorate. So far as their participation is concerned, it has to be by workers owning shares—whether it is a bonus share or otherwise. That is a better course at this stage. In that case only individuals will come. So far as directors are concerned, I feel there is a substantive case made out and I understand that Government of India has also introduced in the directorates of certain government-owned companies workers' representatives. That shows the way.

Shri Bansal: Workers' leaders and not representatives.

Shri K. P. Tripathi: They are representatives. They have not been taken on their own rights; they have been taken as representatives of workers (*Interruptions*). I do not like to be a director; I agree because a director ceases to be a representative. That is a contingency which I would not like right now.

The point is this. We have come to a stage in which we have accepted the socialistic pattern of society. It is a pattern and so it must be provided in the structure of the country. What is the structure? The Company Bill is a structure which provides for the way in which our country has to be run in the next few years with regard to its industrial or economic activity. It is very necessary that in this pattern we should provide as to how the working class has to be represented—whether it has to have any say in certain matters or not and so on. Therefore, I feel that the Government will give due consideration to this idea. The Finance Minister sometime back gave an assurance that this matter was pending with the Planning Commission and as soon as a decision was made it would be incorporated. But I think Government should be able to make up its mind with regard to the attitude which it takes with regard to this pattern namely workers' participation in the management. We are not asking for workers' management as in Yugoslavia. Shri Asoka Mehta pointed out that we are merely asking for participation. Whether this participation will be successful or not—that will be the experiment. The Government has to go forward in that direction. It is quite possible that this experiment may also fail but we shall have to find out some other way. But unless you make an experiment, you will never know where you fail or succeed. Therefore, if we are really sincere and honest with regard to our protestations, we must be able to find out what place the working class has in this company management. I have no doubt that in any scheme which you have you shall have to find out some place for the working class at the directors' level or the management level. From this point of view I again request the Finance Minister to give due consideration to this.

Shri K. K. Basu: Sir, I do not want to take a long time to discuss the amendments or clauses in this particular group. I would begin with the suggestion made by Shri Bansal and referred to by Shri K. P. Tripathi. It is difficult to suggest that bonus shares should be given in respect of bonus paid to workers. Conditions are well known in our country and workers find themselves in the hands of the owners. They are not given bonus when they pile up huge profits. I would suggest to Shri Bansal to make a gesture to the working classes of India through the organisation with which he is very actively connected. In every case bonus shares should be issued by capitalising undistributed profit; a certain percentage may be given as bonus share to the workers. Government or the millowners should consider this proposition. Bonus is not *ex gratia* payment to be paid as they choose. Workers have a right to it when the company has had a huge profit. I do not think that the suggestion that the cash may be converted into shares will be of much effect unless the persons who give such suggestions reconsider their attitude and agree that the worker has got a right and claim to bonus when a company is running at a certain level of efficiency.

I wish to deal with the amendment that the Government has moved. It partially reflects the amendment moved by Shri Tulsidas. I do not know why at this stage Government wants to delete that qualifying provision. I would have wished that this should have been extended to public companies. There may be a concern in Bombay and its shareholders may be in Calcutta, Madras. Many of them would like to appoint some of their friends living in Bombay to represent them in the company instead of having another member of the particular concern. Where is the harm in giving the proxy to him? It has been said that there may be mischief-mongers. But if you weigh both sides I think the balance of advantage is much greater in this way than one person coming and creating some mischief. Shri Tulsidas has given an example and said that there were professional mischief-mongers. They are everywhere. Government thinks that certain Members of the Opposition are mischievous....

Dr. Krishnaswami: No.

Shri K. K. Basu: My friend Dr. Krishnaswami may not be one of them. The millowners think that labour leaders are professional mischief-mongers.

2 P.M.

Shri S. S. More: But, can Dr. Krishnaswami speak for the Government?

Shri K. K. Basu: There is no point in saying that professional mischief-mongers stand in the way of smooth functioning of the meeting of the shareholders. As I said, if we take the balance of advantage, I certainly think that in the present context of things in our country where large numbers of shareholders are spread all over the country and the shareholders' meetings take place one thousand or two thousand miles away, it is absolutely necessary that outsiders should be given a right to be appointed as proxies and, if necessary, they should be allowed to speak. As far as I remember, the Joint Committee after due consideration more or less came to a compromise formula and accepted the English Act and also the recommendations of the Bhabha Committee. I do not understand—as my friend Shri Asoka Mehta just now said—what new facts weighed with the Government that they should come up with an amendment seeking to delete the provisions regarding private companies.

Then, Sir, I would like to refer to another amendment of the Government regarding clause 187 by which they want to add a new sub-clause (5A) which reads:

> "(5A) A banking company shall not be bound to circulate any statement under this section, if, in the opinion of its Board of directors, the circulation will injure the interests of the company."

Under sub-clause 5 this power was given to the court. I do not understand why, today, the Government thinks that even the court is not competent to do it. Why is it left to the board of directors in the case of a banking company? In the volume of evidence that was given either before the Bhabha Committee or before the Joint Committee it has been clearly pointed out that on many occasions it is the board of directors that present a coterie or a small clique

[Shri K. K. Basu]

and oust the shareholders or even the common man's interest in the particular transaction, either in a bank or in any other concern. Therefore, when this power was given to the court to determine on the application either of the company or any member that certain matters need not be circulated if they are found defamatory or against the interests of the company, I do not understand why a special provision is necessary that in the case of a banking company the power should be left to the board of directors to determine. In our part, during the last ten years, a number of banks have gone into liquidation and regarding which allegations were made about the management. Possibly, if there were some sort of active shareholders or some people interested, they might be in a position to give out certain secret or certain facts about mismanagement. Therefore, I urge on the Government not to press for this amendment and keep the provisions as they are. It is the court, after all, which should determine whether a particular thing is defamatory or not and I think, the court, as it is constituted even today, will look to the interests of the concern and the community at large.

In this connection, I have given an amendment this morning which, I think, has not been accepted. It is with regard to clause 164 regarding statutory meeting and statutory report of a company. In sub-clause (3) (g) it is said:

The statutory report shall set out:

> "the arrears, if any, due on calls from every director; from the managing agent, every partner of the managing agent, every firm in which the managing agent is a partner, and where the managing agent is a private company, every director thereof;"

Here I want to add "not only a director, but a member of a private company". A private company is a sort of a partnership with limited liability. They take all the advantages of a private company with limited liability and also the advantages of a partnership concern because they are considered to be a group of friends or a sort of family concerns. Therefore, regarding the arrears of call in the case of a private company it should not only be restricted to every director but it should also apply to every member. Often we have seen—especially nowadays—that many of the old joint family businesses or family partnership concerns are converted into private companies. There are two or three appointed directors but there are other 20 people who are equally interested in the concern. There may be arrears of call regarding those people also. Therefore, I have given notice of an amendment this morning—unfortunately it has not reached in time—saying that it should apply not only to every director, but to every member of a private company. After all the membership of such companies will not exceed 50.

Shri M. C. Shah: What is that amendment?

Shri K. K. Basu: It is to clause 164, sub-clause (3) (g).

Shri M. C. Shah: That has not been admitted.

Shri K. K. Basu: That is true. It seems so.

Mr. Deputy-Speaker: Wherever notice has been received late, if the Government is willing they can accept it.

Shri K. K. Basu: The other day you were pleased to admit an amendment of Shri Gadgil.

Mr. Deputy-Speaker: The hon. Member may persuade the Government to accept it.

Shri M. C. Shah: Shri Gadgil moved his amendment on the previous day and so it was accepted.

Shri K. K. Basu: It is not correct. Our amendment is an earlier number. I hope the hon. Finance Minister will be correctly posted.

Therefore, if the Finance Minister is willing to accept and waive the objection of notice I would like to move my amendment. It is not a very vital change, it is only a suggestion.

Lastly, I would like to say a few words about my amendment regarding workers' representation on the board of directors. We cannot say whether the manner in which we have tried to make provisions with regard to this is fully correct or not, but we feel the time has come in our country when the workers should actively participate in the management. It is absolutely necessary that in the board of directors, which under the present law is the form under which companies are managed, the workers should have active participation. It is often said: after all, it is shareholders' concern. But, why is the Government taking part in every concern? Whether it be body corporate, bank, insurance company, jute mill, cotton mill or a mine, apart from the shareholders the community has an interest and similarly the workers also have an interest. We know in many insurance companies—I myself know two cases—which ultimately had to be taken over by the Government, the workers gave out certain facts which showed how things were mismanaged. And, possibly, if the workers had a right to appear in the meetings of the shareholders they could have come out and said many things about the position of the management. We know in the case of one big bank which had to close down all of a sudden, the workers came out with a certain facts, but people said that it was due to group jealousies that a section of workers were trying to speak ill of the management and therefore due consideration was not given to facts. Ultimately, when that particular bank had to close down, during the winding up proceedings certain facts came out in the court about the managemnt and what the workers had said proved to be fully correct. Therefore, I feel that the workers must be allowed to participate in the management and when we have accepted the board form of management, the workers should be allowed to be represented on the board. We have given a suggestion to this effect. If the Government accepts the proposition that the workers will have the right to be represented on the board they may add other provisions with regard to the manner of election. Of course, Shri K. P. Tripathi has said about the question of units and other things. Whatever it may be, if a man is given a right it is always fully utilised. We have seen in our country that the adult franchise has been fully utilised. It was said that in a poor country like India with low literacy adult franchise will be misused but our experience has been that to a large extent the people did exercise their right to the best of their ability. Therefore, I feel that the amendment we have moved regarding workers' participation in the board of directors should be accepted by the Government. As to the manner of election they may or may not accept our suggestion. They may bring in their own scheme. This must be done because this is not only a shareholders' concern. The productive forces should not be allowed to lie idle in the interests of the community. Similarly, the workers have also a great stake in the concern. Very often it is said that a company closes down because the management thinks that it is not able to run it at a profit or for some other reason, the company closes down. Of course, under the several labour laws that are in force, the Government have taken

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powers to make or initiate an enquiry. If the Government have accepted the proposition that apart from the shareholders the community of workers should have an interest in the particular organisation, then, it is absolutely necessary that the workers, who constitute one of the biggest productive forces, should be represented on the management. So long as we have accepted this particular form of management, it is absolutely necessary that the workers should have a share of representation on the board of management. With these words, I request the Government to accept this principle, and if they accept it, the principle as to the manner of election, etc., can be discussed when the alternative proposals and schemes in that regard come up for consideration. About the other aspect to which I referred earlier, if Government waives notice, I can move the amendment.

Shri Jhunjhunwala (Bhagalpur Central): My amendments are 375, 376 and 377. I agree with Shri Tulsidas when he says that our Government is in the habit of adopting the English law without taking into consideration the circumstances which prevail there and the circumstances which prevail here. Similarly, I shall not blame Shri Bhabha if he had adopted the decision of the Cohen Committee which was appointed to examine the conditions in England. There, they came to the conclusion that so far as the question of the right of the proxy is concerned, proxies should be allowed to vote but not to speak. They have said that generally they would have liked that the right of speaking should also be given to the proxy but that they did not think it proper. But the shareholder's position as regards residence in Britain is quite different from that in India. Britain is a very small country in point of size and the shareholders there do not live very far from the registered office of the company where the meeting is generally held. Here in India the shareholders live thousand or two thousand miles away and they have to look to their interests and then come to the meeting. In the circumstances it is very difficult for them to look to their interests. Shri N. C. Chatterjee has said that this law is of no good unless the shareholders take active interest, but how can they take? That is the difficulty. There is no provision here which will enable the shareholders to know what is happening in the company. I shall deal with that aspect later on. But here, what I am suggesting is that when a proxy can be appointed in order to give the vote—and that man, as the Finance Minister has very well put, is a mute man—no respectable man who would like to go as a proxy will be simply willing to raise his hand and stand unless he is allowed to speak. The man who expects that a proxy must belong to one of the two big groups who will be fighting in the board of directors as to who should get the upper hand is not looking to the interests of the minority shareholders who reside far away. Normally I do not like that some outsider should come and take part in the discussion. There might be something which should not be divulged to the outsider, but when he is appointed by the shareholder as a proxy, the shareholder also has to look to the interests of the company, because, if the company loses and is mismanaged, it is the interest of the shareholder also who sends his proxy to speak on his behalf and to give vote. Therefore, in my opinion, there is no harm in giving the power of speaking to the shareholder.

Some suggestion was made by Shri S. S. More that the shareholder should be given an allowance for attending the meetings. I consider that it is going too far. Supposing if a company is floated in Bombay and if shares are brought from throughout India, I might like to purchase shares from every big town and so once in a year I may like to make a trip to that place at the cost of the company.

Shri S. S. More: What is the harm?

Shri Jhunjhunwala: The company will go to dogs; it will go into insolvency. That is the harm: nothing more. In my opinion, if a representative of, say, five per cent. of the shareholders likes to go and attend the meeting—I am not saying that every shareholder should attend—he must be paid an allowance. I would suggest that some provision should be made in this big volume where a representative of five per cent. of the shareholders—if he wants to attend the meeting—should be given the same allowance as that of a director who attends the meeting. My hon. friend Shri Tulsidas said that professional mischief-mongering will be indulged in by the system of proxies. He smells mischief-mongering even in a mute man. In that case, why don't you employ a 'speaking' man? I ask the Finance Minister as to who will really create mischief.

Pandit Thakur Das Bhargava (Gurgaon): To start with, I want to just make amends for the speech which I made a few days back in relation to clause 52. I was under the impression that under clause 52, there were four alternate modes of serving notice, etc. I was also under the impression that the companies were, as a matter of fact, not bound to send to every person through post, the notices, etc., and that they could have recourse to advertisement as given in sub-clause (3) of clause 52. Therefore, I was rather worried about clause 171 which says that notice of every meeting of the company shall be given to every member of the company in any manner mentioned in sub-clause (1) to (4) of clause 52. From that clause, I concluded that if a company wanted to give notice by advertisement it could do so. But when I consulted a friend of mine, he brought to my notice that this is not so. Under clause 52, advertisement is only meant for two specified classes of people. The company is, as a matter of fact, obliged to have recourse to only one way, and that is, they can serve their notice by post. I am sorry that I committed that mistake and I wish to take back what I said about clause 52 then. The proper interpretation of clause 52 would mean that every company is obliged to send notices, etc., by post, and the alternate clause is meant only for those persons who live outside India and to whom registered notices, etc., cannot be spent in India for lack of their address. In their case, advertisement is resorted to. The word 'may' in clause 52 really means 'shall' and I think that clause 52 is all right. I was mistaken in submitting to the House that the alternate mode of serving notice should be abolished.

So far as proxy and representation of workers is concerned, I am in favour of the principle of the amendment moved by Shri Sadhan Gupta. I am also desirous that so far as proxy is concerned, he should be allowed to speak both in the public company as well as in the private company. I do not see any reason why a proxy who is really an attorney for the shareholder, should not be allowed to speak. There is absolutely no reason for that. If the shareholder can speak, why not the proxy whom the shareholder appoints as his own agent?. At the same time, it has been said that mischief-mongers may come in, this and that. On the country, if a person wants to do some mischief, he can do it by purchase of one share. What is the value of one share after all? It may be Rs. 100, Rs. 50 or Rs. 10. If a person really wants to do something by way of mischief, he can very easily buy one share, come there and do whatever he likes. My friend says that there is an absolute right in the

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directors to refuse the transfer of a share. If this power is going to be utilised in this arbitrary manner, I would rather like that this absolute power should be curtailed to a reasonable extent. The hon. Finance Minister has been pleased to tell me that when the rules are made, he will see that this use of power in an arbitrary manner is not allowed.

An Hon. Member: What about right of appeal?

Pandit Thakur Das Bhargava: There is no question of right of appeal. I should say that this arbitrary exercise of power should never be allowed. In any case, my humble submission is that when a person comes as a proxy, I see no reason why he should not be allowed to speak either in a public company or in a private company. What is the basis of the complaint? They say that shareholders do not take proper interest; they want that the shareholders should take sufficient interest. In what ways can they take sufficient interest? Firstly, they must be present in meetings. Mr. More said that some T.A. should be given to the shareholders. I know that when there is a general meeting, the directors who come there draw fat T.As.—Rs. 100 or Rs. 200 a day—some sumptuary allowance and other allowances, whereas the shareholder who comes there has to pay his own expenses. I understand that there may be a very large number of shareholders coming from long distances and it may be difficult to pay all their expenses.

Shri S. S. More: My suggestion was that T.A. may be given to any shareholder if he demands it. All are not going to make demands to that effect.

Pandit Thakur Das Bhargava: I do not know wherefrom Mr. More got this proposal. This is my proposal also, and I was just submitting it before Mr. More rose to speak. It also occurred to me that one way to make the shareholders attend the meeting would be to give them T.A. If they are given T.A., then they will come in larger numbers. What happens in a company meeting? What is the provision that you have made? You have said that five persons shall constitute a quorum, because you know they will not come. What is generally done in company meetings is that the clerks and others who have got one share are called and they constitute the quorum. As a matter of fact, the directors, their stooges and the servants of the company are the only people who are present and the general meeting is nothing but a huge joke. I have no experience of company meetings in Calcutta and Bombay, but....

Shri K. K. Basu: It takes only 15 minutes.

Pandit Thakur Das Bhargava: I have been a director of certain companies in the mofussil and I know what happens. I do not want that the shareholders should not come. When you give the right to the shareholder to engage a proxy, and you put an embargo on the person by saying that he should not be allowed to speak. You take away by one hand what you are giving by the other. I say that he should be allowed to speak if the meeting is to be lively.

My reason for supporting the principle of Shri Sadhan Gupta's amendment is that if you allow the workers to participate in general meetings, the meetings will be very lively because they know the ins and outs of the company. They are on the spot and they know where the trouble lies and where the company people have swindled. They know these thinks and the shareholder knows nothing; he comes quite blank knowing nothing about the company.

As regards the provision for general meetings, I am of the view that instead of one general meeting each year, there should be two meetings. One is the general meeting and in the other meeting, the shareholders should be called and they should be explained the details of the working of the company and other things, so that they may know something about the company. It should be the duty of the management to explain all these matters to the shareholders. I would rather like that in all companies having a capital of Rs. 10 lakhs and more, there should be some shareholders' association where after six months or so, they should discuss all the matters relating to the company. If that is done, shareholders will take some interest in the affairs of the company.

As regards the participation of the workers, I must say one thing. For a long time there has been a legal dispute about the question of bonus. Some say that bonus is by way of grace and others say that it is by way of right.

Shri S. S. More: Deferred wages.

Pandit Thakur Das Bhargava: Something like that. I accept—and Government have also accepted—that no civilised country can at this stage of civilisation say that as a matter of fact the worker has no right whatsoever to partake in the management or that he has got no rights in the company. If the financiers of the management contribute to the profits of the company, the workers also in a very direct way contribute to these profits and unless and until the worker himself is allowed to feel that he has got a stake in the matter, he will never work earnestly. The go-slow policy and all the strikes emanate from the fact that the people in the management pose as owners and the workers are regarded as hired labourers This is entirely wrong. If you do want that there should be more production in the country, if you want that even one-hundredth part of the socialistic pattern is to be brought about in the country, we must realise, we must admit and we must prove by our action that as a matter of fact they are participators and that they are essential parts in a factory. The hon. Finance Minister was pleased to say that as the Planning Commission was considering this question, he could not make any pronouncement in this regard; I know that when the Planning Commission had decided this question, the hon. Minister would give us his views.

When I stood up and said something about the appointment of directors so far as the labourers were concerned, I was of the view that labour should not be allowed to have their own directors, at this stage. I am not opposed to the participation of labourers in the form of directors, but at this stage I am very much afraid whether the labourers will have true or good representatives. If you appoint a director like this, he will be like a pistol at the hearts of other directors and as long as labour is not fully educated, he will not realise his own duties. You are not allowing them on the plea that they are not educated and they will not realise their responsibilities. But, at the preliminary stage, at the primary stage, or at the school stage I should say, if you do not allow them participation, when will you allow them this participation? I ask, were the 17 crores of voters educated when you granted them adult franchise? I say that if you want to make a beginning, this is the proper place. I have already said that if there are shareholders present at the meeting, the meeting will be very lively and questions will not be decided as at present, with four or five mute members doing nothing. If you allow the labourers also to participate in the affairs of the company, after some time, say, two or three years, the labourers will evolve a consciousness and they will understand where their interests lie; they may also become shareholders. I shall give an example. I was one of the promoters of a company and we allotted 2 lakhs shares so that the labourers or the

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peasants who were bringing sugarcane to our factory might be able to buy them. We waited for two or three years—I am speaking of what happened in 1933—but very few people came forward to buy them and these shares had to be given to other people. I know that so far as the labourers and peasants are concerned, they are not in a position to buy the shares. If they are in a position to buy them, they would be glad to do it. Who does not wish to buy a share? Therefore, I would wish that a portion of the profits may be coverted into bonus shares or something like that for the labourers. But at the same time, we have agreed that there are only two kinds of shares—equity shares and preference shares. I say that some labourers' shares should also be allowed, so that they would get some concession or benefit. So far as sugar companies are concerned, it would have been very good if some part of their wages were turned into equity shares, so that they would have got some benefit. You set aside a portion, say 10 per cent. of the dividend, make them into bonus shares and make the labourers the owners of these shares. This is the way in which you make labour participate in the management of the company. But till we are able to achieve this we should find some other means of enabling them to participate in the management of the concern. This will be an education to them; this will be an education to the company; and this will be a restraint on the management.

You may not in the first instance allow them to participate as directors. You may do that after some time when you are satisfied that labour is conducting itself properly. I, therefore, support the two amendments moved by Shri Jhunjhunwala and Shri Sadhan Gupta.

Shri C. D. Deshmukh: I do not know what more I can do in regard to workers' representation. Shri Sadhan Gupta who moved a series of amendments in this regard said that Government must act up to their professions and that they should not raise any technical objections. Now, I am not aware of any professions having been made by Government in this matter. If he is referring to what I said the other day, what I said was that the Labour Minister had drawn up a paper considering this among various other aspects of employer-employee relationship in industry and labour matters generally. That is a note which, I think, extends over 25 to 30 pages and as I said it is before the Planning Commission. After the Planning Commission has considered it in all its aspects, it will be placed before Government for a decision. Therefore, today what we have in front, not here before the House, but certainly before the Planning Commission, are the views of the Labour Ministry. There has been no expression of views on this by the other Ministries of Government, some of which have some interest in the matter, like the Commerce and Industry Ministry, the Ministry of Economic Affairs, or the Ministries which are managing Government concerns, like the Production Ministry or the Ministry of Railways and so on and so forth. Therefore, it seems to me that it is premature to ask me to accept anything in principle. My simple answer is that I am unable to accept anything at this stage however eloquent the pleading may be and I think it somewhat premature for me to enter into a discussion of the merits of the case.

I do not know which scheme will finally be accepted, whether a scheme like this where the employees or a certain proportion of them will be regarded as equivalent to shareholders, or whether they will be given a share in the board of management. There may be something to be said for each of these courses. *Prima facie*, I should have thought—that is voicing a personal opinion—that if workers are to be associated with management, it does not profit them very much if they attend one annual general meeting, or as the hon. Member who has just sat down said, two meetings in the year. It is very much better, it seems to me if it is accepted in principle, that they should be associated with the board of management. That falls in line with what is done in regard to other interests. Sometimes debenture holders are given representation: there may be a condition in their trust deeds that debenture holders may be represented on the board of management. It is usual also,—as I had occasion to say in the course of previous debates—that a person who lends money sometimes makes a condition that a nominee of his should be taken as a director. And certainly so far as direct Government loans to private enterprise are concerned, it is usual for Government to stipulate that one or two Government directors should be appointed. Now, that illustrates the general principle that there are other parties interested besides the holders of the shares in the management of a company. For instance, Government represents the community. The community has a very lively interest in how the affairs of a company are managed. Now we are not carrying that far enough, or too far, in the sense of requiring that government directors should be appointed to every enterprise, because there are other means by which Government is able to control and regulate industry. There is the Industries Control (Development and Regulation) Act. But where Government has a specific financial interest or stake, then I say it is usual for Government to stipulate that there should be Government directors.

Now, it is a platitude to say that the employees also are interested in the good management of a company, because if it is badly managed and if it is suffering a series of losses, their whole occupation is in jeopardy and they have to have recourse to other means like appealing to Government to see that the particular concern is saved. Since prevention is better than cure, one could argue that it would be better if workers had some kind of say in the actual management of companies.

As I say all these issues are open. Government have not closed their mind to anything and they will be awaiting the advice of the Planning Commission. In the circumstances, I do not know if anything is to be gained by my going into the merits of the matter.

For instance, in regard to the examples that we seek to draw from Yugoslavia or the USSR, in both these countries, one must remember that one is dealing with public enterprise alone, whereas this Bill largely relates to private enterprise. There is a chapter—a very small chapter—on Government companies, which might be mixed enterprise, or public enterprise, but for the best part this Bill deals with public enterprise. Therefore, there is no exact counterpart in the system followed either in Yugoslavia as the hon. Member opposite said or even in USSR.

Shri M. S. Gurupadaswamy: What about Germany?

Shri C. D. Deshmukh: In Germany they are following a course of action which is not identical with either of the schemes suggested, that is to say, they are not regarded nationally, or by statute as members; nor are they on the board of directors. The structure of companies in Western Germany is different. He referred to another body called the Council of Supervision. Now it is that Council of Supervision which contains the representatives of workers. Now, judging from the information that we have at our disposal, it does not seem that the workers' representatives have much say in the decisions of the Council of Supervision. But that is a matter of the operation of this machinery. But the important point is that even the Council of Supervision is a comparatively distant body, possessing limited powers of actual supervision or control for the really effective body is the board of management which is the board of directors in a company, managing the day to day affairs of the company.

Shri Asoka Mehta: May I point out that under the German law, the Council of Supervision is something in between the general body and the board of directors, but as you said the management is in the hands of the directors. Now, there are three directors appointed, of whom one is the labour director, who is appointed by the labour members of the Council of Supervision and all the three directors have joint responsibility. So in that manner, the workers are able to exercise a considerable amount of influence over the management.

Shri C. D. Deshmukh: May be; but the active body is the board of management.

Shri M. S. Gurupadaswamy: Even in the board of management there is participation of labour.

Shri C. D. Deshmukh: I have not said that participation in the board of management is barred. I am trying to say that 25 per cent. or whatever it is in the council of supervision, is something which has no counterpart anywhere else. The real power rests with the board of management.

As I said, it is the latter body which is the active body, the administrator and representative of the company and their authority is unrestricted. The German law says that any restriction imposed on the board of management by the memorandum or by the council of supervision will be binding only as between it and the company and has no effect with regard to third parties. In other words, the board of management can enter into contracts with third parties and otherwise carry on the activities of the company in relation to third parties without any interference from the council of supervision. The council of supervision is entitled to ask questions and seek information and may also call upon the board of management to submit a report on the affairs of the company from time to time. A well known student of corporation law has pointed out:

> "Whatever may have been the original idea in the old German law of 1870, the present trend has been for the board of management to be the main authority and the members of the council of supervision are often regarded by the critics of the German system as typical examples of the idle rich, a view to which some colour was lent by the fact that certain persons managed to obtain a large number of posts in the council of supervision."

This is from the Manual of German law, volume 1, published by the Stationery office, U.K., page 243.

Therefore, as I said, this system is somewhat different and it is the only example, at the moment where we have the direct as well as indirect representation of workers on some organs of management. Apart from that, I am not aware that there are any other instances. But, as I said, that would not prevent us from taking a proper decision in regard to this issue. It is not open to me at the moment, because the paper is not with me, to state exactly what form the recommendation of the Labour Minister takes in regard to workers' representation. All I say is, until the Government has had time to consider this on receipt of the recommendation of the Planning Commission, it will not be possible for me on behalf of the Government to accept any such arrangement in principle and therefore to agree to any amendments which seek to implement this.

There were other issues raised which, again, it is not necessary to deal with at any great length. For instance, the provision in clause 76 for loans, and the other interesting suggestion which seems to find some favour here, that bonuses, if they are regular enough, may be turned into shares. I do not think that that really goes to the root of the matter.

Because, what the workers get is something for their money and that is a right which every citizen has. He may borrow money not from his company, but from someone else. If a citizen borrows money or chooses to put either a windfall or some regular income into investment in the shares of a company, that is not an extra right that we are giving. Therefore, it seems to me that the problem will have to be dealt with on its merits as a question of representation of workers in some form of association with the management.

There was some reference by one hon. Member to the Government decision to issue bonus shares. I think his criticism is mis-conceived in the sense that what he is really objecting is to the accumulation of reserves and not their conversion into bonus shares. If the reserves are ploughed back into the affairs of the company, then, as he himself admitted, they have the result of increasing the capital value of the assets of the shareholder, so that, if it is originally a share of Rs. 100, if the reserves are equal to the original capital, maybe I am oversimplifying the problem because there is no arithmetical relation like this, but maybe, the actual market value of the share is Rs. 200, in which case he will be able to sell in the market and get his Rs. 100 extra, the increment on his capital. What the companies are wanting to do is to convert the reserves into bonus shares. So far as the shareholder is concerned, the state of affairs remains more or less the same. Instead of having one scrip of Rs. 100 and a potential capital gain of Rs. 100 on the sale of a share, he has two scrips of Rs. 100 and Rs. 100 on which dividend has to be distributed. It has a certain amount of advantage which is a minor one in that when the dividend is declared, it is regarded as a percentage of the total capital. Therefore, if the capital has doubled, shall we say, the dividend does not appear as high. In other words, instead of giving a 8 per cent. divided on the original capital, on the issue of bonus shares equal to the original capital, maybe that the dividend will appear as 4 per cent. on the capital. Perhaps, the companies want to escape a certain amount of criticism for giving extra return. But, anyone who is familiar with these matters knows, or should know, that the return should be measured in terms of the total capital at work: that is to say, not only the original capital, but whatever else is ploughed into the business in the form of reserves and so on. What the hon. Member complains of is that there is a tendency or may be a tendency not to distribute profits and therefore reinforce the claim for bonus, but to put the money into the reserve as undistributed profits. If that is the case, that is a matter which will have to be dealt with in some other way. In other words, knowing that there is this ruling of the courts, it is conceivable that companies would want to plough back into the reserves rather than distribute as dividend larger and larger sums of money. On the other hand, we know that public interests will be served by a certain amount of profit not being distributed, but going into the reserves and helping the private sector to expand itself in directions in which it is allowed to expand by our economic policy. In other words, there is a conflict of ends; there are competing objectives. We may ourselves be charged with taking inconsistent action.

On the one hand, we have amended section 27A of the Income-tax Act which brings within the purview of this larger and larger number of public companies in certain circumstances. On the other hand, we give a rebate of Income-tax on undistributed profits, one anna. Therefore, we may be said to encourage accumulation of reserves. That is a matter which will have to be studied in all its aspects and if one finds that there is a tendency to build too many reserves, not only from the point of view of workers, but from the point of view of consumers also, something may have to be done. That is why I said, in answering that question the other day, that the grant

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of permission to issue bonus shares is irrespective of any decision to tax or not to tax. In other words, it is still open to us to tax. It is fair to warn everybody concerned that whatever has been issued now can also be subjected to tax, because the tax will operate in respect of all the transactions of the current financial year. What form that tax will take if at all we tax, I cannot say. All I can say it that anyone who receives bonus shares need not imagine that he is immune from the results of any taxation that we might wish to impose. Therefore, we are not encouraging anything. Unless the hon. Member's point of view is that bonus shares themselves may be forbidden altogether, his real point is that excessive reserves should not be built up.

Shri K. P. Tripathi: That is not my point. My point is that in this process of capitalisation, the workers should not suffer. The industrialists should not take it that rather than giving the workers bonus, why not capitalise it so that it may become our own.

Shri C. D. Deshmukh: That is what I said. It is in a sense capital. As soon as profits are not distributed, and they are put into reserves, then the harm is done from the point of view of the hon. Member. It is not this further action of the grant of bonus shares. That is a separate issue. There is very little distinction between reserves ploughed back into business and their taking the form of bonus shares. That is all I think I need say on this matter. Again I repeat we are not in a position to accept in principle in this respect, but the inference should not therefore be drawn that we are opposed to it because some definite suggestions in this respect have been made by the Labour Ministry to the Planning Commission.

Then, I come to this question of proxies. Now. the facts are that the Cohen Committee thought that it was an important right for the proxy to be able to speak as well as to vote, and have made a recommendation accordingly. The fact also is that when the Act was passed the right was given only in respect of private limited companies and not to public limited companies. Now, the hon. Member says he cannot understand. All I can say is that on many things in this world it is possible to have a difference of opinion and a large number of Members of Parliament, who must have studied the recommendations of the Cohen Committee, came to the conclusion that for some reasons which appeared good and convincing to them, the right should not be given to proxies to speak in public limited companies. Now, the same kind of argument was advanced here and appears to have influenced the members of the Joint Committee. All that one can do is to agree to differ on this matter.

The next point I should like to make is that since in the major field, that is to say, in public companies, for some reason—the reason, of course, is the possibility of disturbance, of some unpleasant experience which has been the lot of some companies in Bombay—we have decided to exclude the right to speak in public companies, then what is left is a kind of residuum not ordinarily to be there. It is not as if we started first with saying that they shall vote but shall have no right, then went on to say that in private limited companies they shall have the right. The process has been the other way. First we said, that is to say the committee said—our Committee did not suggest it, but the Cohen Committee said— that they thought that both in public companies as well as in private limited companies the proxies should have the right to speak. Then, for some good reason as I said—and the reason must have been good because it appealed to Members of Parliament who passed that law—they said: "No, in public companies there should be no right to speak." That is why we are only left with this. Now, if there is some representation that what is likely to be true in a public company might also be true in a private limited company, then, why do you give the right to speak in a private limited company? As against that, we have been told that there may be minors, there may be widows and they may not have so very many people to speak on their behalf. Therefore, it is better that in a private company their proxies should have the right to speak. Now, that is a point of view. We did take that into consideration in the Joint Committee. On the other hand, none of us has been able to cite an instance—maybe, there are one or two instances—where there has been such incapacity affecting prejudicially the interests of the shareholders in private limited companies. On the other hand, the allegation is that disturbances might as successfully be created in private limited companies as in public companies had the right to speak been conceded to speak in the public limited companies as in the past. So, we came to the conclusion that perhaps it might be better then to take away this right to put public companies and private limited companies on a par and to see what the result is. If experience shows that there is some abuse which clamours for removal, then it would be possible for us to amend the law At the moment we are only going on theoretical considerations and on, so far as private limited companies are concerned, very scanty evidence. That is all there is to be said for it, and I therefore commend my amendment in regard to proxy in private limited companies.

There are the two main issues that were raised here. Then there were some small issues. Shri Tulsidas asked: what is the logic behind this clause 161. Well, the logic is that a whipping boy or a stocking horse are not unknown in the business world, and it may be that some small official has been entrusted with the duty of sending these returns. I am told that in prohibition cases, that is to say, offences against the prohibition laws, it is customary for the principal offenders to employ small boys of 12 or 13 to do the dirty work. so to speak and get caught. Then, they are convicted, sent to a probation home or sent back with a warning, whereas the principal person remains out of the scope of punishment. Now, it may be—it is possible—that such a thing might happen here. That is to say, somebody who gives orders remains at a safe distance, and always ensures that there is a failure, and that if there is a failure somebody will suffer for it, some small officer will suffer for it. That is why we say that there is logical justification for roping in the person under whose authority that other official is accustomed to act. That missing justification is here. Whether it appeals to the hon. Member or not is not for me to say.

Then there were two small points made by Shri Iyyunni. He thinks that the period given is too long. On the other hand, we think that the period he has suggested is too short.

Then there is the question of scrutineers. The Bhabha Committee has said they should be compulsory in all cases. That view has commended itself to the Joint Committee. That is all that there is to be said about it.

Then there is Shri Jhunjhunwala's amendment which I have dealt with really because he wants that the proxies should be able to speak and that he should be entitled to ask for a poll and that there should not be a minimum number required for demanding a poll and so on. All that is covered generally by my reply. In all these matters, whether five is a good number or one is a good number. or whether one member should do it or five, it is all a matter of opinion. All I can say is that the scheme which is here subject to our amendments—we have not suggested any amendments to this—has appealed to a large number of people.

Sir, I think I have done, and I commend my own amendments and oppose all the other amendments.

Shri K. K. Basu: What about my amendment No. 459. What is the special reason for putting a clause relating to banking companies?

Shri C. D. Deshmukh: The court has been given the power, and that will certainly be used by ordinary companies. It might mean a certain amount of delay, and it refers only to a defamatory matter. In a bank we are not concerned with defamation so much as some kind of mud-slinging which will bring the credit of the institution into peril. That will not amount to defamation, and if the matter went to court, they may say there is nothing defamatory in this, although it says that a particular loan is bad and it should never have been given, and so on and so forth. This can be valid criticism. All that the directors seek is that before it is circulated—and we know that when it is circulated, everyone gets to know of it—all the shareholders should have a chance of discussing it. It is not as if the discussion is barred. And if there is any resolution which is based on the statement, that resolution will be circulated. It is only against this one thousand word statement which might contain all kinds of dangerous observations so far as the bank's credit is concerned, that we are seeking to give the powers to the directors. Therefore, we think that the court's power will not cover this kind of contingency.

Shri K. K. Basu: What about the amendments I moved to clauses 164 to 169?

Shri C. D. Deshmukh: I am sorry. This is such a complicated Bill that unless I am told what the amendment is—I have not seen it, I have heard it for the first time when hon. Member said he had an amendment. And just five minutes before that another hon. Member came to me and brought a sheaf of amendments and said: "Do you agree, because the Deputy-Speaker says if you agree, he will agree". I really cannot take the responsibility, because, as it is, I have to divide my attention in two or three directions first, to look up the sections, secondly to take down the notes and hear what hon. Members are saying, thirdly to prepare for my reply, and if, fourthly, I have also to study amendments of which I have had no notice, then I feel I shall not be able to do justice to this.

Shri K. K. Basu: Notice was given this morning. It is not a very substantial amendment. I want to add the words 'and every member of the company' after the words 'every director'.

3 P.M.

Shri C. D. Deshmukh: If I had seen it at least half an hour before, I might have given some thought to this.

Shri K. K. Basu: Notice was given this morning, and so it should have been given to you then and there.

Mr. Deputy-Speaker: That is all right. It is not as if there is a negative attitude on the part of the hon. Finance Minister not to enable me to waive notice. Positively, if he accepts the amendment, I can waive notice. But that acceptance has not come from him. Therefore, since this amendment is not accepted, notice is not waived.

Now, I shall put the amendments to the vote of the House. These amendments are all there, and for purposes of the records, I must announce those amendments which have been indicated by the hon. Members to be moved. But if the House has no objection, I shall put only some of those amendments which hon. Members want me to put to the House. The others need not be treated as even moved, for it is not necessary.

The following are the amendments to clauses 145 to 196: **Nos. 316, 458, 280, 306 and 469.**

Clause 145.—(*Registered office of company*).

Shri C. D. Deshmukh: I beg to move:

Page 74, sub-clause (4)—

in line 4, *for* the words "during which it so carries on business" *substitute* the words "during which the default continues".

New Clause 164A

Shri Sadhan Gupta: I beg to move:

Page 84—

after line 46, *insert*:

"164A. *Election of employees' delegates.*—(1) The employees of the company who are workmen within the meaning of the Industrial Disputes Act, 1947 (XIV of 1947) shall be entitled to elect by secret ballot from among themselves a number of employees' delegates equal to one-fourth of the total number of members of the company.

(2) The election referred to in sub-section (1) shall be held not later than one month prior to the date of the statutory meeting or the annual general meeting as the case may be.

(3) The company shall afford all reasonable facilities to the employees to elect employees' delegates under this section.

(4) If any company contravenes the provisions of sub-section (3), such company shall be punishable with fine which may extend to five hundred rupees for each day on which the contravention is made or continues; and every officer who is in default shall be punishable with imprisonment which may extend to six months or with fine which may extend to one hundred rupees for each such day.

(5) The employees' delegates in the aggregate shall have a number of votes equal to one fourth of the total voting power computed by excluding the employees' delegates, and each employees' delegate shall be entitled to cast as many votes on a poll as would be determined by dividing the aggregate number of votes exercisable by employees' delegates by the number of the employees' delegates elected.

(6) Every employees' delegate shall be entitled to participate and vote—

(a) where he is elected before a statutory meeting, in every general meeting between the statutory meeting and the next annual general meeting; and

(b) where he is elected before an annual general meeting, in every general meeting held before the next annual general meeting.

(7) For the purpose of enabling the employees to elect the employees' delegates, the company shall, in consultation with the employees entitled to elect employees' delegates and in the prescribed manner prepare, not later than three months prior to the annual general meeting in respect of which the election is to be held, electoral roll containing the names and addresses of the employees entitled to elect employees' delegates and demarcate the constituencies for the purpose of the election.

(8) On the application of any employee entitled to elect an employees' delegate, any civil court, exercising original jurisdiction in the place where such employee is employed, may make such additions and alterations in the electoral roll as it may consider just and fair.

(9) On the application of any such employee, any civil court, exercising original jurisdiction in the place where the company has its registered office, may make such addition or alteration in the demarcation of constituencies as may appear to be just and fair.

(10) The annual general meeting shall not be held pending the decision of the civil court under sub-section (8) or sub-section (9) as the case may be."

Clause 173.—(*Quorum for meeting*)

Shri C. D. Deshmukh: I beg to move:

Page 89—

Renumber clause 173 as sub-clause (1) of that clause and *add* the following sub-clauses as sub-clauses (2) to (5) of this clause:

> "(2) Unless the articles of the company otherwise provide, the provisions of sub-sections (3), (4) and (5) shall apply with respect to the meetings of a public or private company.
>
> (3) If within half an hour from the time appointed for holding a meeting of the company, a quorum is not present, the meeting, if called upon the requisition of members, shall stand dissolved.
>
> (4) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Board may determine.
>
> (5) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting the members present shall be a quorum."

Clause 175.—(*Proxies*)

Shri C. D. Deshmukh: I beg to move:

Page 89, sub-clause (1)—

in lines 28 to 30, *for* the words "and a proxy so appointed by a member of a private company shall also have the same right as the member to speak at the meeting", *substitute* the words "but a proxy so appointed shall not have any right to speak at the meeting."

Clause 187.—(*Circulation of members' resolutions*)

Shri C. D. Deshmukh: I beg to move:

Page 94, *after* line 27, *insert*:

> "(5A) A banking company shall not be bound to circulate any statement under this section, if, in the opinion of its Board of directors, the circulation will injure the interests of the company."

Mr. Deputy-Speaker: I shall now put the amendments to vote.

The question is:

Page 74, sub-clause (4)—

in line 4, *for* the words "during which it so carries on business" *substitute* the words "during which the default continues"

The motion was adopted.

Mr. Deputy-Speaker: The question is:

> "That clause 145, as amended, stand part of the Bill".

The motion was adopted.

Clause 145, as amended, was added to the Bill.

Mr. Deputy-Speaker: The question is:

> "That clauses 146 to 164 stand part of the Bill".

The motion was adopted.

Clauses 146 to 164 were added to the Bill.

Mr. Deputy-Speaker: The question is:

Page 84—

after line 46, *insert*:

> "164A. *Election of employees' delegates.*—(1) The employees of the company who are workmen within the meaning of the Industrial Disputes Act, 1947 (XIV of 1947) shall be entitled to elect by secret ballot from among themselves a number of employees' delegates equal to one-fourth of the total number of members of the company.
>
> (2) The election referred to in sub-section (1) shall be held not later than one month prior to the date of the statutory meeting or the annual general meeting as the case may be.
>
> (3) The company shall afford all reasonable facilities to the employees to elect employees' delegates under this section.

(4) If any company contravenes the provisions of sub-section (3), such company shall be punishable with fine which may extend to five hundred rupees for each day on which the contravention is made or continues; and every officer who is in default shall be punishable with imprisonment which may extend to six months or with fine which may extend to one hundred rupees for each such day.

(5) The employees' delegates in the aggregate shall have a number of votes equal to one fourth of the total voting power computed by excluding the employees' delegates, and each employees' delegate shall be entitled to cast as many votes on a poll as would be determined by dividing the aggregate number of votes exercisable by employees' delegates by the number of the employees' delegates elected.

(6) Every employees' delegate shall be entitled to participate and vote—

(a) where he is elected before a statutory meeting, in every general meeting between the statutory meeting and the next annual general meeting; and

(b) where he is elected before an annual general meeting, in every general meeting held before the next annual general meeting.

(7) For the purpose of enabling the employees to elect the employees' delegates, the company shall, in consultation with the employees entitled to elect employees' delegates and in the prescribed manner prepare, not later than three months prior to the annual general meeting in respect of which the election is to be held, electoral roll containing the names and addresses of the employees entitled to elect employees' delegates and demarcate the constituencies for the purpose of the election.

(8) On the application of any employee entitled to elect an employees' delegate, any civil court, exercising original jurisdiction in the place where such employee is employed, may make such additions and alterations in the electoral roll as it may consider just and fair.

(9) On the application of any such employee, any civil court, exercising original jurisdiction in the place where the company has its registered office, may make such addition or alteration in the demarcation of constituencies as may appear to be just and fair.

(10) The annual general meeting shall not be held pending the decision of the civil court under sub-section (8) or sub-section (9) as the case may be."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clauses 165 to 172 stand part of the Bill".

The motion was adopted.

Clauses 165 to 172 were added to the Bill.*

Mr. Deputy-Speaker: The question is:

Page 89—

Renumber clause 173 as sub-clause (1) of that clause and *add* the following sub-clauses as sub-clauses (2) to (5) of this clause:

"(2) Unless the articles of the company otherwise provide, the provisions of sub-sections (3), (4) and (5) shall apply with respect

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*(i) In part (c) of sub-clause (1) of clause 165, lines 4 and 7, the words "of the expiry", were substituted by the words "after the expiry". as patent error under the direction of the Speaker.

(ii) In sub-clause (2) of clause 165, line 18, the word "city" was inserted before the word "town", as patent error under the direction of the Speaker.

[Mr. Deputy-Speaker]

to the meetings of a public or private company.

(3) If within half an hour from the time appointed for holding a meeting of the company, a quorum is not present, the meeting, if called upon the requisition of members, shall stand dissolved.

(4) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Board may determine.

(5) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 173, as amended, stand part of the Bill".

The motion was adopted.

Clause 173, *as amended, was added to the Bill.*

Mr. Deputy-Speaker: The question is:

"That clause 174 stand part of the Bill".

The motion was adopted.

Clause 174 *was added to the Bill.*

Mr. Deputy-Speaker: The question is:

Page 89, sub-clause (1)—

in lines 28 to 30, *for* the words "and a proxy so appointed by a member of a private company shall also have the same right as the member to speak at the meeting", *substitute* the words "but a proxy so appointed shall not have any right to speak at the meeting".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 175, as amended, stand part of the Bill".

The motion was adopted.

Clause 175, *as amended, was added to the Bill.*

Mr. Deputy-Speaker: The question is:

"That clauses 176 to 186 stand part of the Bill".

The motion was adopted.

*Clauses** 176 *to* 186 *were added to the Bill.*

Mr. Deputy-Speaker: The question is:

Page 94, *after* line 27, *insert:*

"(5A) A banking company shall not be bound to circulate any statement under this section, if, in the opinion of its Board of directors, the circulation will injure the interests of the company".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 187, as amended, stand part of the Bill".

The motion was adopted.

Clause 187, *as amended, was added to the Bill.*

Mr. Deputy-Speaker: The question is:

"That clauses 188 to 196 stand part of the Bill".

The motion was adopted.

Clauses 188 *to* 196 *were added to the Bill.*

Clauses 197 to 207

Mr. Deputy-Speaker: The House will now take up consideration of clauses 197 to 207, for which five hours have been agreed to. Hon. Members who wish to move their amendments will kindly hand over the numbers of their amendments, specifying the clauses to which they relate, at the Table, which will be treated as moved.

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* In clause 181, line 39, the words "exercising his voting", were substituted by the words "exercising his voting right", as patent error under the direction of the Speaker.

Shri C. D. Deshmukh: I have four amendments, two to clause 197 and two to clause 203. The numbers of the amendments to clause 197 are 281 and 506 and those of the amendments to clause 203 are 307 and 308. Of these, the most important amendment is No. 281 which seeks to add a proviso to sub-clause (4). I shall not read out the whole proviso, but the effect of it is to vest the Central Government with power to sanction an increase in the minimum remuneration in certain circumstances. In my previous speeches, on one or two occasions—indeed I think in the speech with which I opened this debate in the second reading—I made a reference to this particular amendment. The history of it is this. This clause 197 was not in the original Bill, and it was felt as the Joint Committee went on with its work, that just as there was an overall limit for managing agency commission, there should be some kind of an overall limit for management expenses. Therefore, in place of 10 per cent. for managing agents, we put 11 per cent. In the clause that was originally brought before the Joint Committee, there was a reference to salaries being excluded, that is to say, it was intended to cover only commission, not directors' fees or salaries. Then it was felt that if salaries were excluded, there might be circumvention of this limit of 11 per cent and it would be better to include salaries. At that time, it was not realised that this might cause difficulties in certain circumstances.

[Pandit Thakur Das Bhargava *in the Chair*]

Although the amount of Rs. 50,000 might be found to be sufficient and adequate in perhaps the vast majority of cases, one type of case that later on came to our notice was the case where a new company of an important character had to be started and where perhaps a managing director might have to be appointed from abroad, as having the requisite technical and administrative qualifications. Now, in such cases, it was felt that it would not be in the interests of the country if we said that under our law, the limit is Rs. 50,000 in a year in which there is no profit; because it was realised that in order to build up some of these industries, especially heavy industries, one might have to incur losses in the early years. That is a kind of necessary concomitant with the building up of heavy industry in the country. That was one case where we thought that Government should have the power, on examination of the merits of the case, to make an exception only so far as salaries were concerned. I might make it clear here at once that there is no intention by any indirect means to exceed the limit of Rs. 50,000 for managing agency commission which is laid down elsewhere in similar circumstances,—clauses 347 and **352.**

Another category of cases would be cases of existing companies where a large number of people—may be managers or managing directors—may be in receipt of salaries which are in excess of Rs. 50,000. What is to be done in a year in which such a company incurs a loss? Because the salaries would be paid in the beginning of the year, and the man would be out to hire only his capacity and may have no other interest, and indeed, no share of a commission. He may not remunerated by commission at all, but only by a monthly payment . In that case, it was felt that it would create a very awkward situation if someone had to wait for about 15 months till the balance sheet was out and the dividend was declared or it was seen whether there was any profit or not. Then there would also be the awkward question of, what to do if he had drawn more than would be permissible on a calculation of applying the percentage of 11 to the net profits. It was felt that there might be genuine cases of people just engaged on a contract of monthly payment, and it was considered that, barring exceptional circumstances,

[Shri C. D. Deshmukh]

that is to say, if there was any voluntary surrender, there was no reason why managers or managing directors should surrender any part of their fixed remuneration. So this would enable us to examine those cases also, although I doubt whether there would be very many cases of this kind of existing companies where there would be a loss. But the possibility of a loss cannot be ruled out by any company, however prosperous it may be, in view of the known development of economic circumstances in the world; it might be that a slump might come or a trade cycle might bring a depression and so on and so forth.

The third case is a very interesting one, that is of the managing agency company itself where it is a public company. This clause 197 would also apply to a managing agency which is a public limited company. It might be that in a particular year it is managing a certain number of companies which can only pay the minimum of Rs. 50,000 because the times are bad, as for instance, in the tea trade in 1952; yet it might be that they are maintaining a staff of whole-time directors who are paid individually a little more than Rs. 4000, or there might be two managing directors, one being paid Rs. 2,500 and another being paid Rs. 2,500. Suppose in such a case all their receipts are only Rs. 50,000, even if that managing agency company as a public limited company has reserves out of which it could draw in order to make up the salaries of Rs. 2,500 to its two managing directors, it would be prohibited from doing so by clause 197. Now, we feel that that is not a result which was thought of or anticipated by the Joint Committee, because we are not really concerned with justice as between the managing agencies, I mean the shareholders of the managing agency, and the whole-time directors, and the managing agency firms are well able to take care of themselves; so that if such a case comes to our notice, we might say, 'We have no objection. If in a particular year, you get loss by way of your minimum remuneration from your managed companies, then it is open to you to make up the salaries of your whole-time directors out of your reserves, and so on'.

The other case is perhaps of a sub-category where there might be two managing directors. I know of important enterprises where there are two managing directors, as for instance, the State Bank. Now, it has just appointed another managing director for looking after the rural credit side and the establishment of the new banks. Their total salaries might be more than Rs. 50,000 in a year, and they are paid only by salaries. In that case also, it would be possible for Government to consider whether the minimum of Rs. 50,000 could not be exceeded. That is the purpose of this particular amendment.

There is another amendment to clause 197. That is a drafting amendment and brings out the meaning intended.

What is intended to be prohibited is the appointment to an office or place of profit of a firm, private company or other body corporate where the member of the firm, director or member of the private company or director of the body corporate not being a private company is already holding office as the managing agent of the company or is a member of the firm holding office as managing agent or sercretaries and treasurers or a director or member of the private company holding office.

Now, this sounds very complicated. But, if hon. Members will see the amendment they will find that there is not very much in it.

I am sorry 509 is really an amendment to an amendment. What I said just now really applies to 313(2). There is a drafting amendment which deals with any office or place of profit and the last amendment is 308 to substitute the definition in 203(5) which is not quite the same as the definition in section 313(3) which really explains what the office or place of profit with reference to the company is. The self-contained clause is therefore substituted and it has the advantage of removing the obscurity on the subject. These are the amendments that I want to move.

Shri Bogawat (Ahmednagar South): Sir, my admendments to clause 197 are 39 and 40. The first is to the following effect:

> *after* "eleven per cent" *insert* "up to 20 lakhs and for every 10 lakhs above that, the rate should come down by 1.5 per cent. till the final rate of remuneration comes to 5 per cent."

There is another small amendment No. 40, which says that instead of Rs. 50,000 there should be Rs. 48,000.

Shri Gadgil (Poona Central): Why reduce this by Rs. 2,000?

Shri Bogawat: I do not press that.

My important amendment is amendment No. 39. I must say this is the most important amendment in this Bill. It is based on a fundamental principle. When our object is to proceed according to a particular pattern and we are pledged to proceed according to the socialistic pattern of society, there must be some check on the concentration of wealth in the hands of a few. If this amendment is accepted then there would be some relief to many people in the country because they are watching—and especially the agriculturists are watching very keenly—how this Government is proceeding against the capitalists, or the persons in whose hands there is concentration of wealth to a very large extent.

In the paper circulated by the Finance Minister relating to the financial particulars of managing agencies, 1·720 companies in India in 1951-52 had a profit of Rs. 38 crores and the amount payable to the managing agents for office allowance, commission on profits or commission on sales etc. comes to Rs. 10.4 crores. The Finance Minister in his speech made on the 19th August, 1955, mentioned the figure of 27·7 per cent. as actual and we have mentioned in this Bill that 10 per cent should be the maximum. That is not correct because to the profit of Rs. 38 crores we must add Rs. 10·4 crores; in all, it would be Rs. 48·4 crores.

Shri M. C. Shah: Rs. 10 crores office allowance?

Shri Bogawat: Commission on sales and commission on net profits etc. So, the whole profit is Rs. 484 lakhs and not 380 and the percentage that is calculated 27.7 is not correct. The remuneration given to managing agents, Rs. 10·4 crores comes to 21 per cent. He has mentioned some figures in his speech made on the 19th August, 1955. He says, 'In a Canadian company it went up to 24 per cent.'. Therefore you may say that the figures vary from 10 to 24 per cent. So far as our country is concerned, there are the figures given in the Reserve Bank Bulletin which would show that —what would be net profits according to our definition—the managing agents have during the years 1950, 1951 and 1952 received about 27.7 per cent. as net profits.' Then he says we are coming down from 27 per cent to 8 per cent. and it is an achievement which would be fully in conformity with the socialistic pattern of society which we are trying to introduce.

I submit that if you look to all these companies, in the case of 45 companies alone the profit comes to Rs. 31 crores. That is a very important fact and I should like to give the names of some of these companies. For instance, the Tata Iron and Steel Co., gets Rs. 501 lakhs, the Associated Cement Co., Rs. 301 lakhs, the Imperial Tobacco Co., Rs. 280 lakhs, the Indian Iron and Steel, Rs. 244 lakhs and Delhi Cloth Mills, Rs. 175 lakhs. Profits and remunerations are given to a very few persons. I think that in the interests of the country and in the interests also of our object of a socialistic pattern of society we must have such an inverse ratio as suggested by me. I say that up to Rs. 20

[Shri Bogawat]

lakhs it may be 11 per cent. but above Rs. 20 lakhs why not reduce the profit by 1½ per cent. for every 10 lakhs and the maximum should be 5 per cent. If this is done my humble submission is that our object of not allowing concentration of economic power in the hands of a few will be achieved. The agriculturists are watching how this Government is going to deal with the capitalists. There are some Bills in certain States wherein you will find that a ceiling is fixed on zamindari and on other income also they are fixing a ceiling. So, as far as these big business houses are concerned, is it not necessary for this Government to consider the question of concentration of wealth and to check it? Why should only 45 big houses be allowed to get Rs. 31 crores? According to the fundamental principle of our object there should be a lessening of profits where there are huge profits. If this is not done then people outside will say that this Government is not willing to harm the capitalists and that they do not want to curtail their profits. Do you think that these business houses will be content with this 10 per cent? They have several ways and methods and loopholes whereby they will try to gain not only 10 per cent. but much more than that. The hon. Finance Minister said we are coming down from 27 to 8 per cent. It is not correct because though the maximum payable may be 10 per cent, these business people will try to see that they get some more profit under some pretext or other and they will pocket those profits. There will be such attempts by them in spite of all the restrictions that are put in there. This amendment is a very important one and it must be looked into and considered very carefully by this House. When the Government has considered the point of allowing only 10 per cent. of profit as the maximum, why should there not be a restriction of the inverse ratio so far as big profits to certain big business houses and companies are concerned? In short, my humble submission is that this is a very crucial point, a point which is based on fundamental principles, so far as our objective is concerned. I think the House will give its careful attention to this very important problem, a problem very material to the way in which we are proceeding. If the Government does not accept this, then I am sure that the persons, whose lands are to be taken because there will be a ceiling put upon them are sure to blame the Government and they are sure to say that this is still a Government which is not prepared to bring down the concentration of wealth....

Pandit K. C. Sharma (Meerut Distt.—South): But they will not surely revolt.

Shri K. K. Basu: There is no doubt about that.

Shri Bogawat: A time will come when they are sure to revolt. A time will come when the agriculturists, who are cultivating their lands, see that while a ceiling is put upon their lands, nothing is done so far as the persons who amass huge amounts of wealth; they are sure to revolt and the day will come to that effect. Therefore, I appeal to the House that this is a very important problem and must be carefully considered. I trust that the Government will consider my amendment and accept it in order to do justice so far as the question of concentration of wealth is concerned.

As regards the other amendment, it is a minor thing. There will be two persons who will be managing agents and if each gets Rs. 2,000 per month, it will come to Rs. 48,000 per annum, instead of Rs. 50,000. It does not matter much if it is accepted or not accepted because it is a minor matter.

Shri K. P. Tripathi: I have also tabled amendment No. 405. The idea which I want to incorporate by means of this amendment is that in some

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way the remuneration to the management should be linked with the remuneration to the workers. At present there is no such provision in our law. In this Act, the whole attempt has been to bring justice as between the management and the shareholders.

Shri T. S. A. Chettiar: Which clause is he referring to?

Shri K. P. Tripathi: Amendment No. 405 relating to clause 197. I was saying that the whole attempt of this Bill is to provide justice as between the management and the shareholders. After we accepted the socialistic pattern of society as our goal, I think a third party has come into the picture, which is the working class. But unfortunately, in this Bill, there is no provision made for the working class. Why is it so? This Bill is out of date.

Pandit K. C. Sharma: When this Bill is not passed, how can it be out of date?

An Hon. Member: It is antiquated.

Shri K. P. Tripathi: Let us look at it from this point of view. Could this Bill have been passed in 1936 when the Company Law reform was contemplated? Secondly, could this Bill have been passed when the Bhabha Committee was appointed? Obviously it could not have been passed because the socialistic pattern was accepted after that. If the Bhabha Committee were appointed today under this pattern, I have no doubt that the character of its report would have been completely different. Yet, the entire Bill is based on the Bhabha Committee and Cohen Committee Reports. The Bhabha Committee Report does not make any pretension as to the socialistic pattern of society. The socialistic pattern of society is our decision, the decision of this Parliament. Therefore, this decision should have been taken into account by the framers of this Bill and the Bill should have been recast in that mould, but that has not been done. We find that although there is an attempt in this Bill to protect the shareholders against the management, as obtaining in this country today, there is no attempt to protect the workers against the management. You yourself have supported during your speech the claim of the workers and made a suggestion. That question was not discussed by the Bhabha Committee and it was not before them as that came only after the adoption of the socialistic pattern of society by us. Therefore, I beg to say that this Bill is completely out of date and today we have no reason to pass it. If we want to make it up-to-date, then some way must be found for linking the remuneration of the management with that of the shareholders. One aspect of the question has been argued by my friend, Shri Bogawat, and that is with regard to the slab system of remuneration to the management. If my amendment is not acceptable, I think it will be necessary for this House at least to accept the amendment moved by Shri Bogawat relating to the slab system.

The hon. Finance Minister, in the course of his speech the other day, made a statement that in other countries, particularly America, the remuneration paid to the management varied from 10 to 24 per cent. He said 10 per cent in some cases and in conclusion he said it varied from 10 to 24 per cent. It was absolutely incorrect; I think the Finance Minister made a slip although generally he does not make such a mistake. It was an obvious mistake because it is known to him that there are companies in America where the managing agents get only ·2, ·25, ·3, 1, 2 or 3 per cent. and these persons are known to the Finance Minister and there are a large number of that type. If there are companies which are paying less than 3 or 4 per cent. what does that mean? It means that it is the quantum of profits or business that should determine the percentage and there should not be a flat rate of 11 per cent. for all companies. If there is a very large amount of business, then the percentage should be less; if there is small business, it should be more. I find that in the Tata Iron and Steel Works, the managing agency has such a contract, that is, there is a sliding scale. Why is there such a contract not obtaining in most other concerns? I have no doubt that Shri Bogawat's amendment is a fair and acceptable one and Government should give proper consideration to it.

Coming to my own amendment, I beg to submit that I am trying to link up the remuneration of the managing agents with the remuneration of the working class. You will find that it is highly iniquitous that in the same industry the workers are getting only subsistence wage, which is the minimum wage, whereas the manager is getting the highest remuneration. It is getting such profits that all the people are rushing to purchase tea shares and tea gardens. In spite of such profits, the worker is getting only the minimum wage, which means subsistence level, and it is less than that recommended by the Pay Commission. The commission in the case of managers has come to more than a lakh of rupees, let alone the managing agencies. No bonus is paid to the workers. What is the instrument in this country, I ask, which can correct this iniquity? There is no institution or no law which corrects this iniquity and I find that the only law which can do so is the Companies Bill, which, while laying down the share of the manager, shall also say: You are permitted to get 11 per cent. but you shall not get 11 per cent. until you pay the workers a certain wage; if you pay workers a living wage, you will get only 8 per cent. and so on. If you pay the minimum wage only 6 per cent. will be allowed. That is my amendment. What will be the result? If the management wants to get 11 per cent. it will try to find out ways to increase the wages. It will be their work and lookout. If the management tries to do that it can be done. Today the management does not want to do that. It has a thousand ways by which it can be done. I will give you an example as to how as soon as the socialistic pattern of society was adopted as our ideal it had its reaction on the Commission which we set up. We have got the Bank Award and recently the Government accepted it unreservedly. That shows that the Government has accepted the award and also the basis or reasoning on which that award was based.

An Hon. Member: It is not so.

Shri K. P. Tripathi: Well. I agree that all the reasons may not be accepted. But to accept the conclusions and leave the logic behind would be accepting a table without legs. It is quite possible. Men are after all illogical. It 'can be conceived that the Government will accept the conclusion but not the logic. My hon. friend has pointed it out. But that is not rational to accept the conclusion and reject the logic. In that case Government will have to give the counter-logic to say how it is not acceptable. So that ideal has been accepted as our goal. Then we have to try and find out how that is fitted in our structure. This question is asked in the report of that Commission. If you say that the remuneration of the management and the shareholder should be kept intact, how can you improve the condition of the workers? The remuneration of the management was fixed during the war when there was a tremendous profit and when there was no control; then, the management took whatever it liked. They got the highest profit at that time. That time has gone. Today the profits are lean. Similarly, the shareholders were getting their highest shares then; today it is not so. Therefore, if you say that the management should continue to get what it used to get and the shareholders also should get what they got then, how shall you improve the condition of the workers? Therefore, you come to the conclusion that there should be some sort of redistribution

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as has been suggested here. In page 54, the report of the Bank Award Commission says:

> "It appeared to me that if the commitments to shareholders which were based on profits made during an abnormal period must not be disturbed and if the high remuneration paid to the executives during a regime which no more existed were to be protected, then other things remaining the same it would be very difficult, if not impossible, to improve the standard of the workers."

Therefore, he comes to the conclusion that there is a *prima facie* case for bringing about a redistribution of earnings between capital, executives and labour. There is a *prima facie* case for bringing about a redistribution of profits between the three. Obviously the working class is not getting its due share and if that does not get the due, how can you expect them to work with a full mind even though you have told them that they were the partners in that industry. Therefore, I have said that the management should not draw more than six per cent. if it was going to pay only the minimum wages to the workers and eight per cent. when it was paying fair wages and ten per cent. when it was paying living wages. I have not produced this definition from my own brain. This is the definition arrived at by the Fair Wages Committee and that was a unanimous decision. In that Committee there were Lala Sri Ram, and other big guns of this country representing the management and that Committee decided that there should be fair wage, living wage and so on. I am taking that as a substantial basis for advancing this idea. This idea, therefore, is accepted unanimously by the management. My friend, Shri Somani has disappeared: he stands committed to this idea.

Shri Asoka Mehta: Why did you forget Shri Tulsidas?

An Hon. Member: He has also disappeared.

Shri K. P. Tripathi: In trying to suggest that the management's remuneration should be linked to the payment to the workers, I am merely trying to link up the idea which they have accepted with another idea which has also been accepted.

An Hon. Member: You are mixing it up.

Shri K. P. Tripathi: It is just like two points being connected; like the electric wire which gives connection between electricity and bulb. But I am merely linking it and I am not conscious that I am doing anything wrong nor is it something revolutionary.

In this Bill the management has not suffered any great cut. The Ministry might say that they had brought down the remuneration from 27 to 11 per cent. I find that this argument is not correct at all. My friend Shri Bogawat quoted a list of 32 companies and it was discovered that out of Rs. 38 crores of profit earned by the industry, nearly Rs. 34 crores had gone to those companies.

Shri M. C. Shah: He said Rs. 31 crores.

Shri K. P. Tripathi: I beg your pardon. Let it be Rs. 31 or Rs. 32 crores. Rs. 31 crores out of 38 crores is evidently a big slice; it is more than three-fourths. 32 companies out of 1750 companies earn a profit of Rs. 31 crores. What about the 1700 and odd companies? What is the profit of those companies? That is a question which automatically arises. Therefore, it is very clear that in the other companies the managements are not getting as much as in those 32 companies; their returns could not be 11 or 13 per cent. Taking the overall picture, the decision which you are going to take in clause 197 may affect those big managing agencies but by and large the phenomenon of managing agency spread over the whole country—that is, the

1700 and odd managing agencies—will not be very much affected. Therefore, it is not a very revolutionary proposal which has been held out by the Government. The industry too has to realise that in the present set up they could not get very much. Some of the big companies have realised. In the case of big companies it is not necessary also. I quoted Tatas who have themselves taken to the slab system—that is lower than 11 per cent. because in the big companies actually it is not necessary as shown by American and other big companies. There they could afford even less than 1 per cent. The question is one of smaller companies. Whatever is given as a ceiling to the management becomes the floor but whatever is given as a minimum wage to the worker becomes the maximum. It is the other way about. This is the position which has been obtaining in the industries and that is going to continue. Therefore, I humbly beg to submit that although a great hue and cry has been raised with regard to clause 197. I do not think that it is such a revolutionary proposal. I would, therefore, appeal to this House to consider my amendment and if it thinks it worthwhile then it should accept the same. If the House is of the opinion that my amendment is not acceptable—that the time is not opportune and although we have accepted the socialistic pattern of society, we cannot bring the socialistic pattern in this way—then I think that Shri Bogawat's amendment should be considered deeply.

With regard to the amendment which has been moved by the hon. Finance Minister, I find that there the Finance Minister has introduced some new ideas which, I think, were not suggested in the original discussion. During the original discussion he said that there may be companies of a large scale character like the steel plant and others which require two or more directors and then the limit of Rs. 50,000 would not be sufficient. That logic was apppealing to us and we were prone to accept that. But the amendment which has been brought up is far wider. It nowhere says about large scale industries and it nowhere says about two directors. As a matter of fact, even if there is only one director the Government can consider the question of extending the limit of Rs. 50,000. When we were thinking of incorporating clause 197 the idea in our mind was obviously some sort of limitation on the income of the management. What is the socialistic pattern of society in which one is getting more than Rs. 4,000? If there is one director he will be getting Rs. 4,000 and he will be within the scope of this clause. If one director is getting Rs. 4,000 there is no necessity for any extension of the limit. In that case, are we thinking of the same directors getting Rs. 5,000, Rs. 10,000 or even Rs. 15,000? Is that the socialistic pattern which we are going to have? We are still thinking, in spite of our socialistic pattern, that there should be managing directors getting more than Rs. 5,000. I humbly beg to submit that when I tried to understand the observations of the Finance Minister on the original motion, I thought that he was talking about managing directors within the socialistic pattern of society and that in our poor economy the socialistic pattern would not have a ceiling which would be more than Rs. 3,000. As a matter of fact, the Taxation Enquiry Commission have said that the relation between the lowest and the highest paid should be 1:30. Obviously, in our country the minimum wages prevalent are less than Rs. 100. Even if we take them to be Rs. 100 the ceiling should be Rs. 3,000 and if the ceiling is fixed at Rs. 3,000 then the result woluld be that if there is one director there would not be any necessity for extending the limit. But, here, in this amendment, it is said that even if there is one director and the Government thinks it proper then the limit may be extended. Therefore, I think that the Government while explaining its intentions to make its

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intentions agreeable to us said one thing but while bringing forward the amendment......

Mr. Chairman: In the amendment the possibility of two persons is there. It is said: "managing director, or directors and the manager or to any one or more of them...."

Shri K. P. Tripathi: It is said: "anyone".

Mr. Chairman: But the possibility of two is there, though one is not excluded.

Shri K. P. Tripathi: I think the Finance Minister will clarify the position when he replies.

Shri M. C. Shah: Clarification is not necessary. If you read the amendment you will understand the thing.

Mr. Chairman: He himself mentioned that somebody from outside may have to be imported for the purpose of big industries and in that case he may have to be paid more.

Shri K. P. Tripathi: I am merely arguing that as the draft stands at present the interpretation would be that even in case of one managing director the Government has the power to sanction an extension of limit. I am only saying that in the case of one director it should not be so.

The second question which strikes me is that by this amendment it would be possible for the Government not merely to apply it in the case of new industries but also in the case of old industries. While the Finance Minister was making his observations on the original motion I was under the impression that in the case of new industries—I mean big industries—it may be necessary to extend the limit because in the initial year there may not be any profit.

Shri M. C. Shah: You have misunderstood him. He simply gave some instances showing that this may happen, that may happen and so on. Those were only illustrations and you canont jump to any conclusion on that.

Shri K. P. Tripathi: I quite realise that the Finance Minister gave illustrations which might make his proposal acceptable to us and then came out with an amendment which is not acceptable to us.

Shri M. C. Shah: All those things are there in his speech. If you go through the whole speech carefully you will see them.

Shri S. S. More: Along with the comments of Mr. Shah.

Shri Asoka Mehta: Which Shah?

Shri S. S. More: Shri C. C. Shah, or Shri M. C. Shah. Any one of the two.

Shri K. P. Tripathi: I am merely saying that with regard to new companies which may not be in a position to make profits it is reasonable for the Government to have adequate powers to extend the limit. But, in the case of old companies which have been earning profits and if due to some reasons they do not earn any profit or suffer a loss in some years, the power to extend the limit should not be exercised. After an industry gets going, it should try to square itself with its vicissitudes of fortune. I will give an example of what happened in 1952 in the tea industry crisis. At that time the management told the labour to share the loss. We said that we were not going to share the loss. Ultimately we were forced and then we said that we will share the loss provided the management also agree to share the loss. The management agreed to that with the result the management suffered a voluntary cut, the clerks suffered a voluntary cut and we also suffered a voluntary cut. Therefore, when an industry gets going its management also must tie its fate to the fate of the industry. Why should there be a management which should be so exploiting as to say that whatever may become of the industry it will go on earning whatever it desires? I think that is a very irresponsible way of management. After some time the management actually becomes wedded to the life of the industry.

Shri M. S. Gurupadaswamy: Why can't you come to us here?

Shri Asoka Mehta: It is an irresponsible Government.

Shri K. P. Tripathi: Just as the workers are wedded to the fortune of the industries, similarly the management also, after some time, is wedded to the fortune of the industry. Then only the management will sink or swim with the fortunes of the industry. Otherwise it will be an irresponsible management because the management is sure to get its share even if it manages in a bad way and there is loss.

An Hon. Member: Rs. 50,000.

Shri K. P. Tripathi: In a socialistic pattern of society no management will think that it will get more than Rs. 50,000. Therefore, it is a peculiar law in which you are assuring complete protection of Rs. 50,000 to one category of people in this country, namely, the management and the rest of the people will have to sink or swim with the fortunes of the industry. Is this proper? I, therefore, think that the Government may take power with regard to the new industries but they should think twice before taking that power in respect of old industries. This amendment as it stands is so wide that it will be open to every industry, every single unit, in India to come forward with applications and the Government will not be able to say that such applications are outside the purview of this clause. As a matter of fact, this should have been taken as a special power which should have been so restricted so that on the face of it people would have known that there was no use in going to the Government with an application for extension of limit. In that case only a few applications would have come and that too only from the deserving parties. There is no such limitation made. I, therefore, think that whatever may be the intentions of the Government, the Government by this law would be bringing over themselves a tremendous amount of responsibility and work which is not necessary and which was not originally designed.

Shri Jaipal Singh (Ranchi West—Reserved—Sch. Tribes): And of which they are incapable.

Shri K. P. Tripathi: After all there is a limit to the functions of the Government machinery. The amount of work which this will create is very very great. This will create tremendous responsibility which the Government will have to shoulder. Every unit which suffers a loss will come and say: we have paid Rs. 50,000: now we cannot pay and therefore, please extend the limit. I would, therefore, suggest that whenever the Government takes such powers, they should be limited in character and I humbly request the Finance Minister to still consider whether this power can be limited in the way he suggested when he moved the motion and in the way we understood it then.

4 P.M.

I finally beg to submit that the Finance Minister and particularly the Finance Ministry should consider what is the aim of this socialistic pattern, and if the Finance Minister thinks that the aim of the socialistic pattern of society is to bring about certain readjustments in the wage structure and in the remuneration to the managing agents, then they should go by their own report which they have accepted, namely, the Bank Award, which suggests the right measure. They should accept the logic of it and try to bring about the structural change in the companies. After all, what is a pattern? So far as I understand a pattern means the structure of the society so recast that it is socialist, whereas in certain particular aspects it might be permitted to run in the capitalistic way for some time. Now, what is the structure of the company law? The structure which it is going to lay down for many years to come is, how the company law will run in India. Therefore, it is a pattern. Now, in that pattern it is very necessary to lay down socialistic principles, not in theory but in kinetic practice. so that they might automatically apply to changing society. That is what it is. Therefore it should have been so laid down in the Bill. I submit that it has not been so laid down. If the idea which I am putting in my amendment is accepted, then it would be worthwhile. So, I humbly beg to submit firstly, that my amendment may be considered, and secondly, even if it is thrown out, then the amendment moved by Shri Bogawat, may be considered, and thirdly, the amendment moved by the Government might be reconsidered as to whether it might be futher restricted for being applied only in those cases in which we have in mind two or more directors.

Dr. Krishnaswami: I have moved an amendment to clause 197. It is No. 549 on the order paper. I shall deal with it in a few minutes after considering the implications of clause 197. I invite the House to consider the objective underlying this clause, especially as it raises issues of far-reaching importance for the operation and continuance of efficient company managemnet. There are, in this Bill, as all of us have realised, many provisions which seek to ensure the protection of investors by not permitting more than a certain upper limit being allocated out of the funds of companies on entrepreneurial ability, which is represented by managing agents, or, in the case of director-controlled companies, directors, or, in the case of secretaries and treasurers, managers. Throughout this Bill one finds various provisions which underline this objective. But over and above this aim there is a deliberate attempt on the part of the Joint Committee, in clause 197, to control over-all managerial remuneration. The original Bill did not make an attempt to fix a limit to managerial remuneration. Probably the sponsors of the Bill and my friend the Finance Minister were wise enough to understand the numerous pitfalls into which they would fall by fixing an overall managerial remuneration. The Joint Committee, has however rushed in where angels feared to tread and has given quite an undue prominence to this clause 197, the full implications of which have not been understood by the Members of the Joint Committee.

Shri M. S. Gurupadaswamy: How do you know?

Dr. Krishnaswami: That is exactly what I am going to explain and my friend should learn to listen before he interrupts. I want at the outset to point out that in clause 197, as drafted, there are ambiguities which I hope my friend Shri C. C. Shah, well-versed in solicitor lore, will attempt to clarify, if not for the purpose of illumining the mind of the House at least for enlightening one who is not experienced in the wiles and intricacies of company managers and management. May I read clause 197. It reads as follows:

> "(1) Save as otherwise expressly provided in this Act, in the case of a public company or a private company which is a subsidiary of a public company, the total remuneration payable by the company to its directors, its managing agent or secretaries and treasurers, if any, and its manager, if any, shall not exceed eleven per cent. of the net profits of the company, computed in the manner laid down in sections 348, 349 and 350, except that the remuneration of the directors shall not be deducted from the gross profits.
>
> (2) The percentage aforesaid shall be exclusive of any fees payable to directors for meetings of the Board attended by them."

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Then comes the other sub-clause, an exception, on which there is bound to be a difference of opinion.

> "(3) Nothing contained in sub-sections (1) and (2) shall be deemed—
>
> (a) to prohibit the payment of a monthly remuneration to directors in accordance with the provisions of section 308 or to a manager in accordance with the provisions of section 387; or
>
> (b) to affect the operation of sections 351, 352, 353, 354, 356, 357, 358, 359 or 360".

I do not propose to consider the other parts of this clause, because, this particular sub-clause by itself raises quite a number of difficulties. There are two interpretations that one can put upon this clause and both of them can be sustained with a certain measure of plausibility. Now, the first interpretation is, that clause 197, as worded, leads to the inference that the expression 'total remuneration' refers only to the remuneration paid by way of share and profits, especially as the overall remuneration has been expressed in terms of net profits. What is the significance of sub-clause (3)? According to this interpretation, it is mainly clarificatory. It is intended to make clear that monthly remuneration also is not excluded and comes within the overall limit of 11 per cent. This interpretation gains strength from the different wording used in sub-clause (b) where it has been stated that nothing contained in "sub-sections (1) and (2) shall be deemed to affect the operation of sections 351, 352, 353, 354, 356, 357, 358, 359 or 360". According to clause 351, a higher rate of remuneration is meant to be given than that envisaged in clause 197 and this can be done at the sweet will and pleasure of the executive.

The other interpretation is that the employment of the word 'prohibit' is meant to exclude monthly remuneration from the overall limit altogether. Obviously 'total remuneration' includes both, and a clarification is hardly necessary. I propose however to consider the first interpretation, as the interpretation which the Government accepts. It is on this matter that a battle is going to be fought in this House.

First, let us consider the consequences of fixing an overall limit of 11 per cent. on all types of managerial remuneration. There can be various kinds of consequences depending on the circumstances. Let us take the case of a small or a medium-sized company. Consider how the fixing of this overall limit would operate, either to its advantage or disadvantage. Let us take a company whose effective capital is Rs. 10 lakhs. We have to distinguish between effective capital and the paid-up capital. The paid-up capital is, as is well-known, smaller than the effective capital. A company whose effective capital is Rs. 10 lakhs would be expecting normally a sales turnover of an amount between Rs. 10 lakhs and Rs. 7·5 lakhs. This is the figure which has been given in one of the Reserve Bank's monthly bulletin reports, and this is a figure which may be accepted as admittedly correct. On a turnover of Rs. 7·5 lakhs or Rs. 10 lakhs, the best of companies cannot expect to make more than 20 per cent. net profit. Twenty per cent. of 10 lakhs would amount to Rs. 2 lakhs. If 11 per cent. of this net profit is the upper limit fixed for managerial remuneration, then the company has Rs. 22,000 to spend on management. Should it happen that a company is managed only by managing agents, without the assistance of a directorate, a director or a manager, no difficulty would arise. Obviously it would be quite fair that Rs. 22,000 are paid to the managing agents. But generally, a company which has an effective capital of Rs. 10 lakhs cannot be run except with a managing director or a manager. I wonder whether the Joint

Committee—I am now putting this point of view before my friends who are here, great protagonists of the wisdom and learning of the Joint Committee—understood the implications of the proposal that they have made? A managing director should get, I suppose, a monthly remuneration of Rs. 1,000 and the amount that would be left for the managing agent would at best be only Rs. 10,000 —a small amount—if there is no manager at all. But a company of the size of Rs. 10 lakhs cannot possibly get on unless it has a manager as well. In these circumstances either of two undesirable consequences would ensue. These would be evasion by giving managers a different nomenclature such as production executives, sales executives or other such terms, in which event the overall limit would go by the board and will be defeated. Remember, after all, that the clause here refers only to certain specified categories and I am putting this point so that hon. members may ask themselves: whether it is fair on our part to attempt the impossible and then to allege that there has been circumvention by wicked capitalistic managements The other consequence would be, Mr. Chairman, that instead of attracting talent to the company, the managing agent himself would put on the robes of a director; competent men will be taboo; a race of incompetents will run our industries and while it might suit my friends like Mr. Khandubhai Desai who can then allege that the private sector has discredited itself, the poor investor for whom we have been shedding tears will suffer losses and will probably be extinguished as a result of this new fangled experiment in company legislation which the Government has embarked upon.

Shri Gadgil: Not a bad consequence; it will go out and the public sector will take up the task.

Dr. Krishnaswami: The public sector will not be able to take up anything like an appreciable part of this task. During the first three years of the Plan, my friend Mr. Gadgil knows that the public sector has attempted only about Rs. 30 crores worth of development in those fields which are taken up by the private sector. During those three years the private sector embarked on investment in similar fields to the tune of Rs. 120 crores. No one can envisage a sudden development on the part of the public sector from Rs. 30 crores to Rs. 120 crores in these fields. This is not realistic and even those who are temporarily outside the Cabinet should realise that such expenditure may not be administratively feasible. I am not therefore carried away by this argument that the public sector will take up everything. Of course, this does not mean that it is not open to us to nationalise those industries which we feel should be nationalised, but let us understand that there are certain basic economic realities that we have to respect. Let me pursue this analysis a step further. I know that it is difficult for my friends to review problems without prejudice, especially as they concern the private sector. But, legislating as we do for bringing about a healthy structure, legislating as we do for the purpose of getting these managing agents and others who have been obtaining a more than their due share of profits, under reasonable control, we ought to find out how these provisions will affect industry and more particularly the relatively small companies. Let me pursue this analysis, as I said, a step further. No one in his senses would suggest that a company which makes 20 per cent. profit—and the example I have given is a typical example of a firm which has got Rs. 10 lakhs capital—is making 'inadequate profit'. The Finance Minister's amendment, if I remember aright, refers to 'inadequate profit'. Sub-clause (4), for instance, reads as follows:

> "Notwithstanding anything contained in sub-sections (1) to (3), if in any financial year, a company has no profits or its profits

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are inadequate, the company may pay to any director or directors including managing or whole-time directors, if any, its managing agent or secretaries and treasurers, if any, and its manager, if any, or if there are two or more of them holding office in the company, to all of them together, by way of minimum remuneration, such sum not exceeding fifty thousand rupees per annum as it considers reasonable."

But I place these considerations before the House: suppose it is a company of the type that I have envisaged. There are small companies which are making 20 per cent. profits, and yet have to spend much more than 11 per cent of 20 per cent on managerial establishment. They would not in future be able to do it and they cannot qualify for the concession unless they make losses. Sub-clause (4) is therefore an inducement to make the small companies make losses. This may be one result. It is not a favourable consequence from the social angle. It is not right on our part to induce the private sector to make losses. That would not be fair.

Shri Gadgil: Will they be so perverse as to make losses?

Dr. Krishnaswami: If our legislation is perverse, if we are perverse in our methods of dealing, with companies we must expect all-round perversity; and I therefore ask my hon. friends to consider what they are doing. There is no use exclaiming: "will they be perverse?". When I am perverse, when as a legislator I choose to be perverse, I certainly invite the other side also to be equally perverse. People are apt to react to perversity in a perverse manner. That is what happens in politics as my hon. friend realises and that is what will happen in the world of business. I want my friends to view this matter from a realistic point of view and all that I would say is that this is one of the consequences that might emerge.

The other method which may be adopted is the circumvention of these provisions altogether, to encourage which I do not think is wise, and proper and which, I think, in the long run will not redound to the credit of those who are suggesting that they have plugged the loopholes of our company law administration. The operation of this clause in the case of small companies would work to the detriment of the investors altogether. What of larger companies? I want to speak on this question clearly and fully; and if I am wrong, I hope my hon. friends the Minister for Labour and Mr. Gadgil, as senior and experienced Members well versed in the guiles of managing agents, will correct me. This proposal of 11 per cent of the net profits being assured for managerial remuneration might work well in a normal year. I envisage that is what happens in the case of some companies. But do remember—and this is an important qualification which we have to take into account in the case of any legislation—that these profits are a residue. They are likely to vary; they are likely to be subject to wide fluctuations which are beyond the control of any management. In any year, to mention an example, when new machines are installed or when there is a strike for which the management may not be responsible, profits will fall and the amount that will be collected for defraying managerial remuneration would fall. May I ask, whether the salary of a managing director, essentially a business executive, should fluctuate even when he has no desire to have any stake whatsover in the profits of the company? What will happen in the case of these larger companies is that instead of having these designations of managing directors and directors, we will have a plethora of new men with new names, for circumventing the provisions of this clause and these men will be fulfilling the same functions as before

It looks as though we are in Wonderland where things are not what they are or what they are told to be; they are quite different depending upon how the dormouse interprets them. I want my friends to realise how such a development will affect our business morality and the growth of business ethics. Who gains as a result of this mistaken piece of legislation? Surely not the investors. I am surprised that the Finance Minister, who with this natural intelligence should have been expected to have applied his mind to the basic facets of industrial development, who knows more of industry than many of us here in this House, has been bludgesned into submission by solicitors and attorneys.

I should like to put this point of view from another angle before this House. Let us remember that in the case of any industry or firm, the age of the industry has to be taken into account. In the earlier years, of a firm's life, managerial remuneration is bound to be a bigger proportion of the profits. It is not essential that the profits should be inadequate or that these firms should be run at a loss. If they make, let us say, 6 per cent profits, having borrowed at 3-1/2 per cent in the market, it would still be profits and this may not be considered to be inadequate, at least according to the appreciation that many of us have of profits here in this House. Certainly in the earlier years, managerial remuneration would form a bigger proportion of the amount of profits, earned by firms. Therefore, it is best not to penalise the development of new industries as we are seeking to do by this provision. In the formative years of a business, in the formative years of an industry, it is all the more necessary to attract the best managerial talent by paying it a higher remuneration. That is what is being done in many of these industries where there has been development. If we wish the private sector to play its part, we must create proper conditions for its functioning. But, if we do not wish to have a private sector, let us nationalise everything straightaway. Let us not have this dubious compromise. Let us not say: We shall have a voice in the internal management of the private sector, and lay the flattering unction to our souls that we are promoting a new type of society. This is not how a new type of society will be achieved.

What is the solution? I would request my hon. friend Mr. C. C. Shah to lend me his ears for a while. I know his mind is closed to reason.

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): He has lent both his ears.

Shri C. C. Shah: In fact, I did not want to interrupt my hon. friend's very eloquent speech. I would only request him to apply his mind to the proviso that is sought to be added now. That is intended to meet the situation which my hon. friend is so eloquently putting forward.

Dr. Krishnaswami: I have applied my mind fully to that proviso, and I assert that these cases are not covered. I would only wish him to consider the instances that I have brought to his notice. He will realise that from the figures that I have given, from the rates of profits that I have put before him,....

Shri Gadgil: You always ask for more. Now the proviso; now something more.

Dr. Krishnaswami: I am not saying that we should ask for more. I am not in the position of Oliver Twist asking for more. I am only asking this House not to adopt this provision and then feel aggrieved that it has to give more. It would be a perverse solution of a problem. I would like my hon. friend Shri Gadgil to eschew a little bit his prejudice and apply his undoubtedly first rate mind to consider the problems that face honest and efficient companies. After all there are in our country honest companies.

[Dr. Krishnaswami]

What is the solution? I had chosen 15 lakhs as a figure for small companies to portray the troubles that would face them. This figure was meant obviously to be an illustrative or a notional figure. I want this point to be considered by my hon. friends. Even in the case of the best companies where there has been an investment of Rs. 15 lakhs, and where the annual sales turn-over is another Rs. 15 lakhs, and there is a profit of 20 per cent., it would be found difficult for such companies to operate according to established rules if this overall managerial remuneration is fixed as the Joint Committee has suggested. My feeling is that if we wish to plug the loopholes, if we wish to fix a limit on the entrepreneurial income of the management, a simpler device would be to accept an amendment similar to that which I have moved, namely "that nothing contained in sub-sections (1) and (2) shall apply to a director or manager unless he is either an associate of the managing agent or shares in the profit of the company."

Incidentally, what is the purpose that we have in view in fixing a limit to the remuneration? Those whom we wish to cover are the entrepreneurial classes. We should not attempt to cover the salaried executive and make it difficult and troublesome for companies to operate. I would like to place before this House the feeling that I have had in considering various provisions of this mammoth Bill. I know that in promoting efficient company management, we would have to have more of intervention by the State. But, considering the numerous provisions which have been included in this Bill, considering the distinctions that have been made between private enterprise and public owned companies, that is, nationalised enterprises, I venture to think that we are in for a most unhealthy development. I want the Finance Minister to search his conscience, to rise superior to his environment, to free himself and the House from the tyranny of solicitors, and to apply his undoubted intelligence to the solution of the difficult problems that face us. Whither are we drifting? We would be as a result of this legislation as far removed from a socialistic pattern of society as the antipodes. It may be that some of my friends do not approve of this description. Considering this and various other provisions in this Bill, I find that the distinction that has been made is not going to help us in the least to advance towards a socialistic pattern of society. The wide range of powers conferred on the executive will lead either to a servile society in which every one desires to be on the right side of the Government or to a corrupt society where the art of persuading government servants to the view of business managers has been perfected. Is this what we want? Does the Finance Minister wish to be the architect of this new society which would have no redeeming virtues and which in a measurable period of time would lead to a perversion of democracy?

Shri Asoka Mehta: I would like to confine my observations to clause 197 and some of the amendments that have been moved to that clause. That clause deals with the overall maximum managerial remuneration as well as with the minimum managerial remuneration in the absence of or inadequacy of profits. I would like to point out at the very beginning that this particular provision does not apply to private companies. Unfortunately, we have no uptodate statistics available. The latest statistics that are available relate to 1952-53. In the year 1952-53, there were 17,337 private companies as against 12,055 public companies. The paid up capital of the private companies was Rs. 253 crores. The managerial remuneration of these private companies—17,000 and odd,—having a paid up capital of Rs. 253 crores—will in no way be affected by the provision, that we are discussing. It is necessary to remember that this particular provision has application only to public companies. Again, though it is said that this particular clause fixes the overall remuneration, we find that the clause makes a specific provision that it shall not affect the operation of clause 351. Clause 351 is a very important one. It says that additional remuneration in excess of the limits specified in clause 347 may be paid to the managing agent if and only if such a remuneration is sanctioned by a special resolution of the company and is approved by the Central Government as being in the public interest. It says that if a special resolution is adopted by a company and if the Government feel that it is in the public interest that a higher remuneration be paid, it is open to any managing agent to receive a remuneration that will be higher than the overall limit that is fixed here. Clause 351 is outside the scope of the mischief of clause 197. I do not know, and I would very much like the Finance Minister to tell us why a higher remuneration should be in the public interest. After all, the Government is going to decide whether it is in the public interest or not. What is the possible contingency where a remuneration higher than 11 per cent or 10 per cent would be deemed to be necessary in the public interest?

It is possible that companies might pass this kind of a resolution. It is conceivable that in certain companies this kind of special resolutions may be adopted. But, under what circumstances? What are the contingencies envisaged wherein the Government would agree to increase the overall limit that is sought to be laid down by this particular clause? Because, the clause expressly provides that section 351 will not come under its mischief.

Then again, if you will consider clauses 356 to 360—I do not want to waste your time by reading them—you will find that they provide for sources of additional remuneration under certain conditions. Therefore, it needs to be remembered that the overall limit or the ceiling that is being provided has a considerable amount of elasticity in it. It is a rubber ceiling. It is a ceiling made up of rubber and not a firm ceiling.

The Finance Minister in the course of the reply that he gave to the general discussion had some very pertinent things to say on the discussion that had taken place on this clause. I and perhaps some other Members had contended that in the United States of America and in the United Kingdom the managerial remuneration is about one half to two per cent. In reply to that argument, the Finance Minister stated:

> "So far as the United States and the United Kingdom are concerned, hon. Members are not well informed."

I grant the Finance Minister that, thanks to the massive secretariat that he has behind him, he is normally better informed than we are on this side of the House. But, may I invite his attention to the fact that this statement that in the United States of America and in the United Kingdom the remuneration for management varies between one half and two per cent. was not made by me or by any of my colleagues on the basis of our limited information, but was made by the Bombay Shareholders' Association. You will find that statement made by the Secretary of the Bombay Shareholders' Association in the course of his evidence at page 70. Does the Finance Minister suggest that the Bombay Shareholders' Association's information on the subject of managerial remuneration in other countries is also as inadequate as that of some Members of the House whom he has criticised?

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Then he proceeds further and says:

> "They run to ten per cent. in some cases. In a Canadian company they run to 24 per cent. Therefore, you may say that the figure varies between ten and 24 per cent."

He himself has said that the managerial remuneration runs to ten per cent. in some cases and concludes from that, that it varies between 10 and 24 per cent. He has chosen to rely upon individual cases and he has tried to make much of a Canadian company where the managerial remuneration runs to 24 per cent. I have tried very hard to find out if any kind of a general or an average figure about the managerial remuneration could be obtained, but unfortunately I have not been able to do so. But, I have before me a large number of, a fairly long list of important companies in the United States of America and in the United Kingdom, and I find that—and they include such important concerns like the Anglo-Iranian Oil Company, the Dunlop Rubber Co., the Imperial Chemical Industries, the P. & O. Steam Navigation Co., Uniliver Limited. International Nickel Co., of Canada. Ford Motor Co., Ltd., the Imperial Tobacco Co., and Wickers Limited—the managerial remuneration varies between 0·11 per cent. of the profits earned to a maximum of 3·77 per cent. I shall not tire you by quoting detailed figures about different companies, but I am sure this information is available to the Finance Minister and it is not fair to the House to say that the managerial remuneration in the United States of America and the United Kingdom varies between 10 and 24 per cent.

Then again, he proceeds further and says:

> "So far as our country is concerned, there are the figures given in the Reserve Bank bulletin which show that on what would be net profits according to our definition, the managing agents have, during the three years, 1950, 1951 and 1952, received about 27·7 per cent. of the net profits."

Now, the Reserve Bank bulletin makes it very clear that in the three years 1950 to 1952, managing agents' remuneration amounted to a total of Rs. 32 crores or about 14 per cent. of the profits as shown in Table 7. Table 7 is also very clear. The total of profits earned are shown as Rs. 233 7 crores while the managing agents' remuneration is calculated at Rs. 32.41 crores. A reference is also made there, and it was made on the floor of this House also, that the Taxation Enquiry Commission in their report, Volume I, page 127, have come to the same figure. The managing agents' remuneration according to the Commission constituted 14 per cent of the profits inclusive of taxation and the managing agents' remuneration was for 492 companies during 1946-1951. The contention of the Finance Minister seems to be that the figure would radically change if we adopt the new definition. It is argued that the Reserve Bank bulletin is not based on what would be the net profits according to our definition. I would like to suggest that the new definition does not materially alter the concept of net profit. I do not think that the Finance Minister would be able to point out that the quantum of net profits under the new definition would shrink to such an extent that 14 per cent. would become suddenly 27.7 per cent.

Our definition of net profit is given in clause 348 of the Bill. If you compare the definition with section 87C of the present Act you will find that the differences in the two definitions are not of a material character. As a mater of fact, the differences between the two definitions are fully explained by the Bhabha Committee in their report at pages 97 to 99 or paragraph 130. It is a very long paragraph and I would not like to take your time by quoting it, but I would be satisfied with inviting your attention, and through you, the attention of the Finance Minister, to it. The difference between the two definitions is not so material that 14 per cent. would be converted into 27·7 per cent. And therefore, I would like the Finance Minister to tell the House how he has come to the conclusion that the managing agents drew 27·7 per cent of the profits as their managerial remuneration. This point is very important because of what the Finance Minister has said immediately after that. This is what he says:

> "Now, these are going to be reduced to 10 per cent. I must remind hon. Members that 27·7 per cent. is the actual and 10 per cent. is the maximum. Therefore, I expect that if we were to foresee the future and take the figures for 1955, 1956 and 1957, it won't be 10, we may find it at 8. I suggest therefore that to reduce the rewards or remuneration of any one from 27 to 8 per cent is an achievement to be proud of, an achievement which would be fully in conformity with the socialistic pattern of society which we are trying to introduce."

The suggestion here is that as a result of this clause 197, managerial remunerations would be reduced by about two-thirds, from 27·71 per cent. we shall find when we re-assemble here in 1957 or 1958 that the managerial remuneration has fallen to 8 per cent. of the profits. I am afraid that also is an unproved assumption on the part of the Finance Minister. He has been kind enough to supply us with a sheet where financial particulars relating to managing agencies that managed 1720 companies in India in 1951-52 are given.

There, it has been said that the amount payable to managing agents as remuneration was Rs. 10·40 crores. Am I to believe that these Rs. 10·40 crores, which according to him constituted 27·7 per cent of the profits (i.e. Rs. 38 crores) that were earned by these companies, would be reduced in 1955-56 and 1956-57 to just Rs. 3 crores? Is he prepared to give us an assurance here that in case these companies make a profit of Rs. 38 crores in the next three years, their managerial remuneration under the provisions of this Bill would be reduced to Rs. 3 crores? If these were the drastic provisions of this Bill, I do not know where my hon. friends Shri Tulsidas and Shri G. D. Somani will be. Surely, they would not be absent from the House just now.

An Hon. Member: One is here.

Shri Asoka Mehta: What is sought to be done under this Bill is to reduce the remuneration from 14 per cent to 11 per cent. And my contention is that it is a red herring that the Finance Minister is trying to draw by telling us that the remuneration is going to be cut down by 66 per cent. Only if he can prove from an analysis of the statistical data that are available to him that as a result of the provisions of that we are going to incorporate in this Bill, in 1957, these very companies under parallel circumstances would not get Rs. 10·4 crores but only Rs. 3 crores, only then will the Finance Minister be entitled to claim the credit that he has claimed in the speech that he made the other day.

Shri Gadgil: Why should you assume that the profits will ever remain steady? They may increase also.

Shri Asoka Mehta: My hon. friends Shri Bogawat and Shri K. P. Tripathi have invited your attention to the tremendous concentration of profits in a small number of companies. The figures that they have given, unfortunately are for the year 1953. I would have preferred figures for the year 1951-52, so that we would have been able to compare them with the

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figures that have been provided by the Finance Minister. But even in 1953, we find that 52 companies—as they have pointed out—had an enormous amount of profits running up to Rs. 32 crores or more. Out of these 52 companies, about five or six are not managed by managing agents. Even if those companies are taken out, we would still find that 47 big companies were able to make profits running to something over Rs. 30 crores. These 52 companies are only those whose profits were over Rs. 22 lakhs. The company that is mentioned last in that list which I also have with me had a profit of Rs. 22 lakhs, and the one with the highest profit had a profit of over Rs. 5 crores.

Not only is there concentration of profit, but the same kind of concentration is also there in management. In *Vol. I of the Written Evidence of the Report of the Company Law Committee*, we find that 64 managing agencies controlled 415 companies with a paid-up capital of Rs. 136 crores. There is thus concentration of management on the one hand, and there is also concentration of profits on the other in a certain limited number of companies. We may have 29,000 companies, but the real cream of profits is concentrated in just 50 companies which are controlled by perhaps 50 or 25 families in India. It is these 25 or 50 families in India controlling 50 major concerns in the country, that are able to get perhaps 70 or 80 per cent of the large profits that are made in the country. It is therefore, misleading, if you will permit me to use that word, to talk in terms of averages or to lump together big and small companies together and offer overall figures here. It is necessary to sketch before ourselves the pattern of the pyramid, because the real concentration of power and wealth lies in the apex of the pyramid. What we are concerned with here is to see that the apex is not out of proportion with the rest of the body of the pyramid. We want to flatten the very shape of the pyramid which has been elongated in the last 30 or 40 years.

I would again invite your attention to clause 197. In that clause, it is suggested that in certain circumstances where profits are inadequate or where there are no profits, the company would be entitled to give a managerial remuneration up to Rs. 50,000. If you look up the data that have been supplied to us, the financial data that have been supplied to us by the Finance Minister, you will find that Rs. 3 crores are drawn by 1,720 companies as office allowance. So, the average office allowance works out to Rs. 1,500 a month or Rs. 18,000 a year. I am not very familiar with the management of companies, but what little I know about it tells me that the office allowance varies from Rs. 1,000 a month to Rs. 2,500 a month. In between these limits, office allowances are fixed. As you know very well, this office allowance is purely a notional thing. No offices are maintained, and this is a kind of remuneration given to the management. In a large number of companies, the management seemed to continue their work on the office allowance that they are drawing. And office allowance, as it appears from the figures that have been supplied by the Finance Minister, are usually in the neighbourhood of Rs. 18,000 a year. That Rs. 18,000 should not be raised to Rs. 50,000. That is our fear. Under the Bill it is provided that if any change has to be made—there will be no office allowance, of course—there will be provision in the articles of the company for minimum remuneration, and for that purpose, suitable modifications will have to be made in managing agency agreements. I would like the Finance Minister to give us an assurance that when the suitable modifications are made, and when those modifications are brought before Government for their approval, they will see to it that that minimum that has been existing so far is not raised and brought closer to the ceiling of the floor. From the various speeches that have been made here, there is a tendency on the part of a large number of people to think that Rs. 50,000 is going to be the floor. The idea, however, is that Rs. 50,000 should be the ceiling of the floor, and every care has to be taken to see that those who have been drawing smaller remunerations or lesser remunerations do not take advantage of the provisions that are being suggested now to raise their minimum remunerations.

I would like to make just two more points before I conclude. Firstly, this 11 per cent, to my mind, is too high a figure. It is too high a figure for more than one reason. The Bombay Shareholders' Association had originally suggested 7½ per cent. It is true that in the course of their evidence before the Joint Committee, they had raised the figure to 10 per cent, but the association did it in the hope and expectation that the managing agency system is in its last gasp, and the association was labouring under the belief that the managing agency system would be extinguished in the near future; and it was only for a temporary period that the association advocated a remuneration of 10 per cent of the profits. The considered opinion of the association was given earlier, and that was 7½ per cent.

The same opinion was supported by the Bombay Stock Exchange. The Bombay Stock Exchange, in the course of its memorandum, has said that the managing agency commission shall not exceed 7½ per cent. of the net profits, subject to a reasonably fixed minimum, that the net profits, for this purpose, shall be determined after providing for depreciation, taxation and other legitimate charges, and that there shall be no office allowance. Both the Shareholders' Association and the Stock Exchange had suggested that the maximum should be 7½ per cent. And, as was pointed out, I believe, by my friend, Shri Bogawat, such a big company, the giant, the pacesetter in India's industrial development, the Tata Iron and Steel Company, charges only 7½ per cent. Seven and a half per cent is the maximum commission that the Tata Iron and Steel Company charges.

I would like to invite your attention to the provisions about the managing agents' remuneration as far as the Tata Iron and Steel Company is concerned. The commission is charged at the rate of 5 per cent on the net profits, and at the rate of 7 per cent, if ordinary shareholders get a dividend exceeding 8 per cent and not exceeding 10 per cent; at the rate of 7½ per cent if the ordinary shareholders get a dividend exceeding 10 per cent. There is a slab system, which is directly linked up with the dividends that are paid to the shareholders, and even under the most prosperous conditions of the company, the highest commission that is charged or the managerial remuneration that is charged by the Tata Industries is 7½ per cent.

Shri Gadgil: In other words, they deserve and desire.

Shri Asoka Mehta: In case the company is not able to pay the shareholders a reasonable dividend, then the managerial remuneration is reduced to 5 per cent of the net profits. I do not know why in our generosity we are willing to give them 11 per cent, when the biggest industrial enterprise in the country has been built up by the greatest pioneer of industrial development in this country on the basis of an agreement which provides that the managerial remuneration should, in normal circumstances, be 5 per cent and only in extraordinary circumstances, when prosperity has been very great, 7½ per cent. I do not know why we are going to provide for 11 per cent when the Bombay Stock Exchange says that 7½ per cent is enough, when the Bombay Shareholders' Association, to whose informed capacity the Finance

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Minister paid a tribute the other day, says that 7½ per cent is reasonable. I would, therefore, request the House to consider seriously the amendments that have been moved by my friend, **Shri M. S. Gurupadaswamy**, Nos. 76 and 77. It is unfortunate that due to the absence of Shri Kamath, amendments No. 404 and 440, have not been moved. In the absence of those amendments, I would like to support Shri Bogawat's amendment No. 39. There is no doubt that some kind of a slab system should be worked out. In case we are not going to accept the suggestions made by my friend, Shri M. S. Gurupadaswamy, then the only alternative will be to accept the suggestion made by my friend, Shri Bogawat, so that we may be able to link up the managerial remuneration that we would be paying with the amount of profits that would be made. The higher the profit, the lower should be the rate, so that absolutely the remuneration may increase but relatively it does not increase.

If I had more time, I would have liked to say something in reply to what my friend, Dr. Krishnaswami, has said. But I do not want to take your time. When I was listening to him, I thought I was not listening to a great son of the Mudaliar family but to a budding *mudalali* from South India.

Dr. Krishnaswami: I am not a labour leader who lives on the produce of labour and passes off the tax-free income as part of a national allowance.

Mr. Chairman: The following are the amendments to clauses 197 to 207 of the Companies Bill which the hon. Members have intimated to be moved, subject to their being otherwise admissible:—

Clause No.	*Amendment Nos.*
197	196, 197, 198, 199, 76, 39, 200 405, 549, 201, 40, 77, 281 (Govt.), 509 (Govt.), 598, 615, 616, 617, 618, 619, 620. 621, 646, 647, 648, 649, 655
198	650.
199	202, 203, 204, 622, 623, 624, 651.
200 A (New)	606.
203	307, (Govt.), 308 (Govt.), 607, 608, 609, 610, 652, 653, 654.
204	78, 24.

Clause 197.

(Overall maximum managerial remuneration etc.)

Shri Tulsidas: I beg to move:

(1) Page 98, line 21—

after "managarial "remuneration" *insert* "by way of commission".

(2) Page 98, lines 21 and 22—

omit "and minimum managerial remuneration in the absence of inadequacy of profits."

(3) Page 98, line 25—

after "by the company" *insert* "by way of commission".

(4) Page 98, line 27—

after "if any" *insert*:

"in respect of their services as directors, managing agents or secretaries and treasurers, and managers."

Shri M. S. Gurupadaswamy: I beg to move:

Page 98, line 27—

for "eleven per cent" *substitute* "six per cent".

Shri Bogawat: I beg to move:

Page 98, line 27—

after "eleven per cent" *insert*:

"up to 20 lakhs and for every 10 lakhs above that, the rate should come down by 1·5 per cent. till the final rate of remuneration comes to 5 per cent"

Shri Tulsidas: I beg to move:

Page 98, lines 29 and 30—

omit "except that the remuneration of the directors shall not be deducted from the gross profits".

Shri K. P. Tripathi: I beg to move:

Page 98, *after* line 30 *add*:

"Notwithstanding anything contained in sub-section (1) the total remuneration so payable shall not exceed six per cent. of the net profits of the company when it is paying only minimum wages to its lowest paid workers, eight per cent. when it is paying fair wages to them, and eleven per cent. when it is paying living wages to them.

Explanation.—for the above puprose minimum, fair and living wages shall be understood to mean as follows;

(a) The 'living wage' represents a standard of living which provides not merely for a bare physical subsistence but for the maintenance of health and decency, a measure of frugal comfort and some insurance against the more important misfortunes.

(b) The 'minimum wage' must provide not merely for the bare sustenance of life but for the preservation of efficiency of the worker by providing for some measure of education, medical requirements and amenities.

(c) While the lower limit of the 'fair wage' must obviously be the minimum wage, the upper limit is set by the capacity of industry to pay. Between these two limits the actual wage will depend on—

(i) the productivity of labour;

(ii) the prevailing rates of wages;

(iii) the level of the national income and its distribution; and

(iv) the place of the industry in the economy of the country."

Dr. Krishnaswami: I beg to move:

Page 98,

for lines 33 to 40, *substitute*:

"(3) Nothing contained in sub-sections (1) and (2) shall—

(a) apply to a director or a manager unless he is either an associate of the managing agent or shares in the profits of the company;

(b) apply to a company the effective capital of which is not more than fifteen lakhs of rupees unless the Central Government so directs and giving such directions, may order that it shall apply, subject to modifications as it may deem fit for the efficient conduct of the business of the company;

(c) affect the operation of sections 351, 352, 353, 354, 357, 358, 359 or 360."

Shri Tulsidas: I beg to move:

Pages 98 and 99—

omit lines 41 to 46 and 1 to 3 respectively.

Shri Bogawat: I beg to move:

Page 99, line 2—

for "fifty thousand rupees" *substitute* "forty eight thousand rupees".

Shri M. S. Gurupasdaswamy: I beg to move:

Page 99, line 2—

for "fifty thousand rupees" *substitute* "twenty-five thousand rupees".

Shri C. D. Deshmukh: I beg to move:

(1) Page 99, sub-clause (4), line 3—

to sub-clause (4), *add* the following proviso:

"Provided that where a monthly payment is being made to any

[Shri C. D. Deshmukh)

managing or whole-time director or directors and the manager or to any one or more of them and the Central Government is satisfied that for the efficient conduct of the business of the company, the minimum remuneration of fifty thousand rupees per annum is insufficient, the Central Government may, by order, sanction an increase in the minimum remuneration to such sum, for such period, if any, and subject to such conditions, if any, as may be specified in the order."

(2) In the amendment proposed by me, printed as No. 281 in List No. 11 of Amendments:

(i) *after* "is being made" *insert* "or is proposed to be made":

(ii) *after* "fifty thousand rupees per annum is" *insert* "or will be"; and

(iii) *after* "for such period" *omit* "if any".

Shri Bansal: I beg to move:

In the amendment proposed by Shri C. D. Deshmukh, printed as No. 281 in List No. 11 of amendments,

after "to any managing or whole-time" *insert* "or part-time".

Shri Sadhan Gupta: I beg to move:

(1) Page 98, line 27—

for "eleven per cent." *substitute* "six per cent."

(2) Page 98—

omit lines 35 to 38.

(3) Page 98, line 39—

omit "351".

(4) Page 98, line 40—

omit "359".

(5) Page 99, line 2—

for "fifty thousand" *substitute* "twenty thousand".

(6) Page 99, line—

for "fifty thousand" *substitute* "twenty-five thousand".

(7) Page 99, line 2—

for "fifty thousand" *substitute* "thirty thousand".

Shri K. K. Basu: I beg to move:

(1) .Page 98, line 27—

for "eleven per cent." *substitute* "eight per cent."

(2) *after* "its manager" *insert* "and persons in effective management of the company".

(3) Page 99, line 2—

for "fifty thousand rupees" *substitute* "twenty thousand rupees".

(4) Page 99—

after line 3 *add*:

"Provided that the Central Government may authorise a higher amount for reasons recorded in writing".

(5) In the amendment proposed by Shri C. D. Deshmukh printed as No. 281 in List No. 11 of Amendments:

for "fifty thousand rupees" *substitute* "twenty-five thousand rupees".

Clause 198— (*Calculation of commission etc.*)

Shri K. K. Basu: I beg to move:

Page 99, line 14—

for "two years" *substitute* "one year".

Clause 199— (*Prohibition of tax-free payment*).

Shri Tulsidas: I beg to move:

(1) Page 99—

(i) line 18,—

for "officer or employee" *substitute* "director".

(ii) lines 18 and 19,

for "whether in his capacity as such or otherwise" *substitute* "in his capacity as director".

(2) Page 99, line 28,

for "officer or employee" *substitute* "director".

(3) Page 99, line 29—

omit "any".

Shri Sadhan Gupta: I beg to move.

(1) Page 99, line 19—

after "such or otherwise" *insert* "or to any shareholder."

(2) Page 99, line 19—

after "remuneration" *insert* "or dividend".

(3) Page 99, line 36—

after "remuneration" *insert* "or dividend".

Shri K. K. Basu: I beg to move:

Page 99, lines 30 to 35—

for "such provision shall have effect during the residue of the term for which he is entitled to hold such office at such commencement, as if it provided instead for the payment of a gross sum subject to the tax in question, which, after deducting such tax, would yield the net sum actually specified in such provision" *substitute* "such provision shall be void".

New Clause 200A

Shri Sadhan Gupta: I beg to move:

Page 100, *after* line 13, *insert*:

"200A. *Prohibition of management of company by tax-evaders.*—(1) No person who has been found guilty by any court or tribunal of evading any tax payable by him shall take any part in the promotion, formation or management of any firm, company, or other body corporate.

(2) Any person on being found guilty as aforesaid shall forthwith vacate any office that he may be holding which is concerned with promotion, formation or management of any firm, company, or other body corporate.

(3) In the case of a person who has been found guilty as aforesaid before the commencement of this act, the provisions of sub-section (2) shall apply as if he had been found guilty as aforesaid at the date of commencement of this act.

(4) This section shall apply notwithstanding any want of jurisdiction in the court or tribunal on account of any technical defect in its constitution or composition."

Clause 203.— (*Restriction on appointment etc*).

Shri C. D. Deshmukh: I beg to move:

(1) Page 102—

for line 12 to 21, *substitute* the following:

"(i) unless the firm or body corporate aforesaid is already the managing agent or secretaries and treasurers of the company; or

(ii) unless a partner in the firm aforesaid or a director or member of the body corporate aforesaid, being a private company, or a director of the body corporate aforesaid, not being a private company, is already the managing agent of the company or a member of the firm director or member of the private company or director of the body corporate, not being a private company which firm, private company or body corporate is already the managing agent or the secretaries and treasurers of the company."

(2) Page 102, Sub-clause (5),

"In lines 34 and 35, *for* sub-clause 5, *substitute* the following sub-clause:—"(5) Any office or place in a company shall be

[Shri C. D. Deshmukh.]

deemed to be an office or place of profit under the company within the meaning of this section, if the person holding it obtains anything by way of remuneration, whether as salary, fees, commission, perquisites, the right to occupy free of rent any premises as a place of residence, or otherwise."

Shri Sadhan Gupta: I beg to move:

(1) Page 102, line 8—

for "five years" *substitute* "three years".

(2) Page 102, line 25—

for "five years" *substitute* "three years".

(3) Page 102, line 30—

for "five years" *substitute* "three years".

(4) Page 102, line 32—

for "last two years" *substitute* "last year".

Shri K. K. Basu: I beg to move:

(1) Page 102, line 30—

for "five years" *substitute* "three years".

(2) Page 102—

omit lines 36 and 37.

(3) Page 102, line 37—

add at the end "or a managing agency company."

Clause 204.— (*Dividend to be paid etc.*)

Shri M. S. Gurupadaswamy: I beg to move:

Page 103, lines 3 to 6—

omit all the words *after* the word "company".

Shri S. V. Ramaswamy: I beg to move:

Page 103, *after* line 8, *add*—

Explanation II. 'Profit' for the purposes of this section means the profit as shown by the Profit and Loss Account after providing depreciation as per section 349, and after setting off previous years' losses and depreciation for prior years, if the same has not already been provided for.

Provided that any company may with the prior sanction of the Central Government declare a dividend out of current year's profit without providing for depreciation as per section 349 and also without setting off previous losses or previous years' depreciation."

Mr. Chairman: All these amendments are now before the House for discussion.

Shri T. S. A. Chettiar (Tiruppur): My hon. friend, Shri Asoka Mehta, gave the House figures about the profits which managing agents earn in the United States of America and in England. He said in England it is ·5 to 1 per cent. or, if I followed him correctly, 1½ per cent. These are figures which we can neither accept nor reject, but I do hope that in view of the diverse figures that have been quoted by the Government on the one side, and by Shri Asoka Mehta, on the other side, the Finance Minister in his reply would give us authoritative figures on these matters.

Now, I come to the limit that has been fixed in clause 197. We have been given figures to prove that till now managing agents have been getting on an average 27·6 per cent. But today, we are seeking to fix it in clause 347, at 10 per cent; including managerial expenses, we are trying to fix 11 per cent. in clause 197. To my mind, in view of the fact that we have small companies in India, in view of the fact that of the 30,000 companies in India, the really big companies are very few, this percentage is perfectly justified. Especially when we have in future before us a large era in which the private agency has to play a large part in industry, I think it is wrong to give less than 10 per cent. provided for in clause 347. But the misgiving that I have is with the clause that is being added, the 11 per cent. will be increased to something more. A point was raised as to whether this applied only to new companies or also to old companies. I think we must make this clear. Nowhere is it said in the amendment that has been moved by Government that this amendment which seeks to increase the amount in certain cases refers to new companies only. It also applies to old companies, where there may be a loss in one year. Even in those cases, it is open to Government to increase the amount, to permit the payment of more than Rs. 50,000. I shall read the proposed proviso:

> "Provided that where a monthly payment is being made to any managing or whole-time director or directors and the manager or to any one or more of them and the Central Government is satisfied that for the efficient conduct of the business of the company, the minimum remuneration of fifty thousand rupees per annum is insufficient, the Central Government may, by order, sanction an increase in the minimum remuneration to such sum, for such period".....

it may be one year, two years or three years......

> "if any, and subject to such conditions, if any, as may be specified in the order."

I understand that this is by no means confined to new companies, budding companies—which have to be built up, which take time to be built it; so in the meantime, more than Rs. 50,000 should be given—but also applies to any company, at whatever time established. To me, there appears to be a danger in this. Because of the fact that a few companies may be in real danger, a large power is taken up by Government to allow an exception from the limit fixed by this clause. Personally, I do not like that this exemption should be given in the case of all companies which are already established, but it may apply to new companies.

I would like to refer to another matter, and that is the exemption under clause 197. Sub-clause (3) specifically says:

> "Nothing contained in sub-sections (1) and (2) shall be deemed to......affect the operation of sections 351, 352, 353, 354, 356, 357, 358, 359 or 360".

Let me now refer to clause 351. Whereas under clause 347, 10 per cent. has been fixed as the maximum for all managing agencies, an exemption is given under clause 351. Clause 347 says:

> "Save as otherwise expressly provided in this Act, a company shall not pay to its managing agent, in respect of any financial year beginning at or after the commencement of this Act, by way of remuneration, whether in respect of his services as managing agent or in any other capacity, any sum in excess of ten per cent. of the annual net profits of the company."

Under clause 351, additional remuneration in excess of the limit specified in clause 347, may be paid to the managing agent if, and only if, such remuneration is sanctioned by a special resolution of the company and is approved by the Central Government as being in the public interest. So this remuneration need not be limited only to 10 per cent.

An Hon. Member: It is five o'clock.

Mr. Chairman: We will sit for 11 minutes more to make up the time taken up in the other discussion in the House.

5 P.M.

Shri T. S. A. Chettiar: This specifically means that the overall limit fixed by the Bill in clause 347 can be superseded by Government and the Government can give 11 per cent. 15 per cent. or 20 per cent.; no limit is fixed to that. In fact, what will happen is this. In the absence of a sliding system that has been suggested by some of the amendments, everybody will get 10 per cent. some getting more than 10 per cent. And the result will be (*Interruption*). Sir, I am told there is no quorum.

Mr. Chairman: There is no quorum. I will have the bell rung.

Now, there is quorum. The hon. Member may proceed.

Shri T. S. A. Chettiar: What I was saying is that in view of clause 351 the maximum that has been fixed in 347 is nullified.

Mr. Chairman: Order, order; may I request hon. Members to kindly resume their seats?

Shri T. S. A. Chettiar: All the companies will get 10 per cent. as their minimum and such of those companies which would require more will have special resolutions passed and they will come to Government for approval of that. What is meant by public interest is something which we do not know and that must be seen only in the administration of the Act.

Now, I come to another matter which has been raised by my hon. friend Shri Bogawat. As has been pointed out, during the period under review. that is 1951-52, the profits earned by 1720 that is managing agencies has been declared to be Rs. 38 crores and the dividend declared is Rs. 17·7 lakhs. The managing agency remuneration drawn as a percentage of net profits is 6·7 crores, office allowances, Rs. 3 crores, commission on sales etc. will be Rs. 72 lakhs and the total is Rs. 10·4 crores. I understand that out of these 1720 companies, nearly 80 companies have a profit of Rs. 5 crores, *i.e.*, nearly half the amount. The result is that while a large number of companies have earned only Rs. 50,000, or Rs. 60,000 or Rs. 1 lakh or Rs. 2 lakhs, these 80 companies have earned from Rs. 70, lakhs, to Rs. 1 crore and odd. What I ask is this. What is the reason, why we should give the same percentage of profits to all these people? I can understand in income-tax the lower profits are not taxed as much as the higher profits. But here it seems to be that the highest earning member is given the very same as the lowest earning member. I know, Government may say that it is open to the shareholders themselves to move in the matter and say that they will give only a smaller percentage. We know how companies are administered today. I would like to ask in how many of these bigger companies have the shareholders a voice or influence to interfere in this matter to say that we will reduce the profits by 1½ per cent or 2 per cent. or reduce it to 7½ per cent. or 6 per cent or even 5 per cent. Even today there are some enlightened companies like the Tatas who have coupled their percentage of profits with the dividend that is being given. That is a very enlightened management. But the Tatas are very few in this country and, perhaps, in any country. I am not able to accept this view that 10 per cent must be maintained as the ordinary maximum—that 11 per cent under 197 and 10 per cent under 347 should be maintained. It stands to reason that along with the quantum of profits the percentage should go down and that must be recognised by us. It has been recognised in many other legislation, but in this legislation also it must be recognised. A sliding scale, the larger the profit the smaller must be the percentage of profit for the managing agents, should be accepted.

We are asked, 'Do you want to interfere with this also so as to prescribe a sliding scale'? I do say, 'Yes'. We have prescribed so many restrictions in this Bill. The Government has taken power to appoint directors, to summon general body meetings etc. In fact, Government has taken power in all possible manner of ways. There are about 150 clauses in this Bill which refer to Government taking power. I think it is not too much to say that we can fix a sliding scale. To my mind, it will be a fundamental defect in this Bill if we allow the same quantum or percentage of profits to all people concerned, whether the profits are small or big. It is unheard of and it is not a just way of doing things.

It has been said that the Company Law Committee has gone into this matter and have vetoed it. I would like to refer to page 96 of their report:

> "A suggestion was made to us that instead of fixing the overall maximum we should prescribe a scale of varying percentages applicable to companies of different sizes and carrying on different types of business. Theoretically, this suggestion is attractive. But it is impossible to draw up any such scale in practice. Even if we had the benefit of a full and detailed analysis of companies' statistics at our disposal we doubt if we could have drawn up any such scale. We have, therefore, refrained from continuing this line of thought further but expressed the hope that managing agents who are at present content with a lower percentage of profits as remuneration for their services as managing agents will not rush forward to take advantage of the maximum limit which we have recommended merely because the law might permit them to avail themselves of this higher percentage."

What a pathetic appeal! After all, the managing agents are not doing charity. Managing agencies are there to earn money for themselves, and except a few people who may fix reasonable limits, all other people would cash as much as possible. Today we have banned commissions on sales and purchases and other things and they have got only the 10 per cent. to go by. In the circumstances, to depend upon their goodness that they must confine themselves to within 10 per cent. as suggested in the report, and not take even this 10 per cent. but take a smaller percentage because there is big business, is, I think, expecting too much of them.

Mr. Chairman: The hon. Member may continue tomorrow.

The Lok Sabha then adjourned till Eleven of the Clock on ***Wednesday, the*** *31st* ***August, 1955.***